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Importer who helped inquiry faces Customs charges too

by John Draper

A WELLINGTON importer is rueing the day he volunteered to help Customs Department investigators.

A year later the importer faces at least four charges relating to the misuse of import licences and incorrect documentation and its $33,500 of imported goods have cost it over $80,000.

And Ric Curtis, managing director of Impex International Ltd, claims the company's goods are being subjected to unnecessary delays, permitting pilferage as they cross the wharf.

Impex became involved in a Customs investigation into the dealings of Christchurch businessman former All Black Kevin Meates after a chance meeting between Curtis and a Customs investigator.

A casual remark by Curtis brought to a head a nationwide Customs inquiry into the activities of Meates and his companies including Satin House Cosmetics Ltd, Lorro International Ltd, Godfrey Allen Ltd and Roe & Co Ltd.

Three charges have been laid against Meates and Satin House Cosmetics Ltd by the Wellington Collector of Customs, arising out of investigations into Impex and the Christchurch Collector is understood to be considering action in relation to sales tax matters.

Meates was due to appear in the Wellington District Court on April 28 but the case was deferred at his request.

In September 1978, Curtis and Meates discussed the use by Impex of import licences held by Satin House Cosmetics Ltd to the value of $54,000.

Curtis says Impex agreed to buy the 1978/79 year licence for a "commission" of $27,000. Such transactions are outlawed by the Customs Act, but are commonplace. Customs officials tend to turn a blind eye.

Last year, Trade and Industry Minister Lance Adams-Schneider was reported to be considering making the transfer of licences legal. The present regulations do permit an importer to bring in goods under another persons licence, but only if they are brought in under a firm order from the licence holder and the licence holder is the genuine recipient of the goods.

It was not the first time Impex had used licences held by Meates' companies since beginning business in 1975, Curtis said.

On previous occasions, Impex had made a point of paying Meates only after the goods had arrived and been cleared through Customs, he said.

Meates and Curtis concluded the Satin House Cosmetics arrangement on October 12 1978. Curtis says he took possession of the licence and Meates a bill of exchange drawn on the Takapuna branch of a merchant bank for $27,000.

Because of a mix-up between the bank and Impex's Auckland-based director, Wayne Karsten, payment to Meates was authorised immediately, instead of several months later, Curtis said.

On October 18, NBR understands, Customs officers in Christchurch issued a duplicate licence after receiving an affidavit claiming the original had been lost.

Meates then used the duplicate to import goods.

When contacted, Meates said *National Business Review's* understanding of the transaction between Impex and Satin House did not agree with his.

"The 'facts' do not ring a bell to me," he said.

Meates said he could not remember the sequence of events between himself and Curtis nor could he recall with certainty that he had sold a licence held by Satin House Cosmetics Ltd to Impex.

The charges laid against him in the Wellington District Court on April 28 were not connected with Impex, he said.

"As I understand it there is a very substantial defence to those charges and I will be very surprised if there is a conviction," he said.

Impex placed orders for toys with manufacturers in Taiwan, Hong Kong and South Korea for the full Satin House licence value of $54,000, which were due for delivery in May, June and July 1979.

After despatch, but before the goods arrived, and before Impex committed any technical breach of the regulations, Curtis was asked in a casual conversation by Senior Investigating officer John Barrett if he had ever had any dealing with Meates.

"If I had lied then and said 'no', I would have saved my company a lot of money and the goods would have probably been waved through without any problem," Curtis said.

After discussions with Barrett, Curtis made "a voluntary statement" to Customs, surrendered the licences, and managed to cancel part of the orders, reducing the order to $33,500.

Curtis claims he then sought Barrett's advice on the next steps to be taken to secure the goods due to arrive.

"I was led to understand that a number of courses would be open, of which the most obvious was to apply for the issue of a fresh import licence for the goods," Curtis said.

Trade and Industry rejected the application.

Barrett then suggested that a waiver of forfeiture application would be treated sympathetically, or alternatively the toys could be re-exported to Australia.

"I do not suggest that Barrett gave any promise or undertaking to grant a waiver, but because he caused me to think the prospects of a successful application were good I gave no serious consideration to the alternative of re-exporting the goods," Curtis said.

"In the light of what followed, my company would have been considerably better to have taken up the offer to re-export the goods."

When the toys arrived, Customs made its seizure and Impex applied for the waiver of forfeiture.

[illegible] Templeton refused to grant it "in view of the fact that the goods would have been imported in breach of the Import Control Regulations".

Templeton also disputed Impex's solicitor's assertion that Customs officers could have given any assurances to give the impression that a waiver would be granted because of the co-operation given by Curtis.

The right to grant a waiver, he replied, was his alone and could not be delegated to an official.

Customs then sought a Supreme Court order condemning the toys so they could be disposed of. Impex contested the order and lost. Impex, in its statement of defence, claimed the goods were brought in on behalf of the licence holder, but called no evidence to support this.

Templeton relented after representations [illegible] McLay and a waiver of forfeiture was granted after payment of $1000 for storage and $11,000 for the profit assessed by the Comptroller of Customs.

Impex, in a last bid to avoid the financial penalties of the waiver, appealed to the Court of Appeal, but lost again.

Payment of $27,000, the cost of the goods and transport, duty and interest charges take the total transaction to more than $80,000.

Curtis has appealed to the Chief Ombudsman to investigate because "my company was led to pursue a certain course of action by means of an inducement which Customs then failed to fulfil".

The Ombudsman has requested a report from the officials concerned and is considering the complaint.

"I do not in any way pre-empt the [illegible] of Barrett [illegible] opinion, he has behaved throughout quite properly and extremely fairly," Curtis said.

The week

Early warning proposed

PARLIAMENT'S Statutes Revision Committee recommended that the Government give notice to industrial parties if it intends to intervene in a wage settlement.

AIR New Zealand applied for an additional increase of 1.3 per cent in domestic air fares which will take the post-budget rise to 6.3 per cent if granted.

THE Broadcasting Corporation unanimously decided not to screen the television film "Death of a Princess".

The question now is, how did Prime Minister Rob Muldoon know the views of two corporation executives who opposed the decision?

VISITING delegations from Kampuchea and Afghanistan for the UNESCO regional conference in Wellington ignored a Government request not to engage in political activity while here.

ENERGY Under-Secretary Barry Brill confirmed he would contest Kapiti again in the next general elections.

JUNIOR Government Whip Dail Jones returned to Parliament after a three-week absence as a result of being stabbed at a constituents' meeting.

BRITISH MPs were not granted their recommended pay increases: Prime Minister Margaret Thatcher cut back the increases to 9.6 per cent which is less than half the annual rate of inflation of 21.9 per cent.

RADIO New Zealand's reporter to cover the Olympic Games in Moscow was declined a visa by Russia.

PLUMMETING American interest rates pushed the value of the dollar down, sending the pound to its highest level against the dollar since April 1975.

INDIA became the first major non-Communist nation to support the Vietnamese-backed Heng Somrin regime in Kampuchea.

DURING Pope John Paul's 12-day visit to Brazil he sided with the cause of poor peasants who he felt were deprived of their lands by multinational corporations.

FARMERS predicted a downturn in production as the price of superphosphate rose 27 per cent.

HOBART and Christchurch will be connected by weekly flights from November by Australia's two domestic airlines TAA and Ansett.

THE crucial cartridge case found on the Crewe property was dismissed by the Commission of Inquiry into the Thomas trial. The commission is convinced that the bullet that killed Harvey Crewe came from a different cartridge case.

OVER the next five years the tobacco-growing industry will be delicenced. After the phase-out period prices will be negotiated between producers and manufacturers.

TECHNICAL Institute teachers staged a one-day strike in protest against clauses in the State Services Conditions of Employment Bill which they say restrict their rights to decide on class hours.

THE Honey Marketing Authority will be replaced by a national supplier's co-operative, a move initiated by several South Canterbury bee-keepers.

THE Shop Trading Hours Amendment Bill which clears the way for Saturday trading was introduced to Parliament.

The business week

ANZ Banking Group (NZ) Ltd sold through its subsidiary, the **UDC Group Holdings Ltd**, its 60 per cent shareholding in **Rentacolour NZ Ltd** to **New Zealand Motor Corporation Ltd.**

CSR Ltd's subsidiary AAR made an arrangement with the **Onoda Cement Co Ltd** of Japan for the supply of Yorrabee coal from its Queensland mine.

R and W Hellaby Ltd is to set up an export beef processing works in Pukekohe.

Independent Newspapers Ltd secured a minority interest in the **Manawatu Standard Ltd,** publishers of the *Manawatu Evening Standard.*

Schofield Holdings Ltd reported an audited tax-paid profit of $244,624 for the year to March 31 ($384,486 last year). A final dividend of 7.5c is payable on August 7.

United Building Society of Christchurch (Permanent) reported an audited profit of $37,016 for the year to July 31 ($27,669 last year).

Waitaki NZ Refrigerating Ltd reported an interim dividend of 8c payable on July 30.

John Webster & Co Ltd reported a consolidated tax-paid profit of $221,425 for the year to March 31 ($180,498 last year). A final dividend of 8 per cent is payable on August 28.

Correction

THE profit we reported for **Marac Holdings Ltd** (*NBR* June 23) was the profit of one of its groups, the Marac Merchant Banking Group. Marac Holdings reported a total tax-paid profit of $5.003 million for the year ($3.109 million last year).

The week ahead

MONDAY: Prime Minister Rob Muldoon attends South Pacific Forum at Tarawa.

TUESDAY: Select Committee hearing on electoral law.

Select Committee on Statutory Revision looks into the Social Security Amendment Bill No 2 and the Family Proceedings Bill No 2.

Talk entitled "Use of computer business systems and flexible reporting for current credit control" at a meeting of the Institute of Credit and Financial Management in Wellington.

Auckland Gas Company's annual general meeting in Auckland.

Christchurch Gas, Coal, and Coke Company's annual general meeting in Christchurch.

WEDNESDAY: Lands and Agriculture Select Committee looks into the Veterinary Service Amendment Bill.

Commerce and Energy Select Committee looks into the Companies Amendment Bill and the Wheat Board Amendment Bill.

Labour and Education Select Committee looks into the State Services Conditions of Employment Bill.

Wilson and Horton's annual general meeting in Auckland.

Fisher and Paykel Industries' annual general meeting.

THURSDAY: Tasman Pulp & Paper's annual general meeting in Auckland.

Trade and Industry Minister Lance Adams-Schneider speaks to a luncheon meeting of the Invercargill Chambers of Commerce.

FRIDAY: Rex Consolidated's annual general meeting in Auckland.

Exchange rates

As at July 10 1980 $1NZ is worth:

Australia	.8508
Britain	.4155
Canada	1.1294
Fiji	.7852
Japan	213.73
West Germany	1.7042
United States	.9851
Austria	12.10
Belgium	27.35
China	1.4148
Denmark	5.2755
France	3.9572
Greece	42.17
Hong Kong	4.8135
India	7.6126
Italy	812.31
Malaysia	2.0957
Netherlands	1.8638
New Caledonia and Tahiti	71.96
Norway	4.7068
Pakistan	9.6602
Papua-New Guinea	on appl
Portugal	47.93
Singapore	2.0701

UEB focus on coach tours

UEB's decision to sell three of its New Zealand chain of hotels and one in Fiji signals a desire to put more of its energies into developing its Trans-Tour coach operations.

According to Angus Davidson, general manager of tourism for UEB, the demand for accommodation now matches the supply. The group does not want to develop further as hoteliers. It is asking $6 million for the Lakeland Inn in Queenstown, $1.4 million for the Luxmore Lodge at Te Anau, and $F1.4 million for the Man Friday Beach Resort in Fiji.

The Man Friday is operated by the Tourist Corporation of Fiji Ltd, which is 63 per cent owned by Trans Holdings.

Also for sale for $1 million is the Whalers Lodge in Picton, leased by Trans Tours from Financial Enterprises.

UEB's 14 New Zealand hotels, operating as the Inns of the Pacific, cover the country from the Bay of Islands to Te Anau. They include the White Heron in Auckland, Four Canoes Inn, Rotorua, Chateau Regency, Christchurch and the Pembrook Inn, Wanaka.

The Man Friday is one of five resort hotels in Fiji.

Occupancy rates are slightly down on last year's figures. The company no longer wants to tie up capital in hotel beds.

It will ask purchasers for the right to continue using the hotels.

UEB expects to realise almost $10 million from the sale of its properties.

It is spending more than $5 million to replace its fleet of 43 coaches. The first, built to a new design by Hawke Brothers, Wiri, will be unveiled next month.

Davidson would not disclose other plans for developing tour packages other than to say "we have the odd thing up our sleeves."

The week

Everyone wins a prize in new wage-fixing proposal

by Colin James

PLANS for a radical new system of wage-fixing involving a minimum wage and industry-by-industry negotiations were lost when being readied to go to the Government on Tuesday.

The package was put together over the past several months by a working party of officials from the Federation of Labour, the Employers Federation and Government departments, headed by Bernie Galvin, permanent head of the Prime Minister's Department.

It will set a poser for a Government that is temporarily without Prime Minister Robert Muldoon. Failure to respond positively could provoke an angry reaction from union advocates meeting on Wednesday and the FOL national council meeting on Thursday.

NBR understood last week that the package was not a final, agreed document binding on the parties, but a tentative agreement on a "without-prejudice" basis.

Essentially the package revolves around:

- A minimum wage for a single worker, adjusted every six months for inflation by Arbitration Court order with provision for unions to negotiate separate indexed rates if they prefer.
- A new system of "vertical" relativities, along industry lines, thus breaking the existing rigid system of occupational relativities.

Some details remained to be settled late last week after this issue of *NBR* went to press.

But on Thursday it appeared that agreement had already been reached on the major points though there were fears Government officials might try to modify the package on Friday.

Assuming no last-minute hitches of that nature, it appeared that by this week all that would remain for the three parties to do was to formally ratify the package.

As it was understood by *NBR* late last week, the minimum wage would be set by the Arbitration Court every three years, on application by the Federation of Labour.

The court would consider four main types of criteria in setting the wage:

- The state of economy and salary and wage-earners' position;
- The maintenance and promotion of a basic living standard for all workers;
- Changes in tax and Government spending policies, such as benefits;
- Social criteria, such as industrial harmony.

The minimum wage was to include current industry payments, special payments and the like and to apply across the board to all industries.

A figure being talked of last week was in the range of $125 to $130 a week — or not far different from the present base rate, including special payments, in lower-paid industries.

Above the minimum new cash margins would be negotiated for skill and productivity in the various industries. This would mean that a tradesman in one industry would not necessarily be paid at the same rate as the same tradesman in another.

When minimum rates moved nationally, all other rates would move by the same cash margin.

Thus individual award negotiations would not be concerned with the overall movement, but only with skill and productivity margins.

The minimum wage proposal now going to the Government is different from that put forward by the FOL last year in one important respect — instead of being based on a one-income family with dependent children, it rests on the single worker.

Thus the rate would be considerably lower, since the living expenses of a single worker are lower.

To take into account higher living costs of a family, the package proposes discussions between the Employers Federation, the FOL and the Government on income tax and benefits.

This was first floated by the Government last year as a counter to the FOL's proposals.

Critical to the success of the package is the suggestion that the present system of many hundreds of awards be abandoned in favour of awards based on about 40 industries.

This means that plans for amalgamating unions, so far proceeding at snail's pace except in the distribution sector, would have to be speeded up.

The prize for employers is the destruction of the costly present system of relativities which often passes on high wage costs from one industry to another regardless of an industry's ability to pay.

The prize for the Government could be a more flexible and more manageable system of wage-fixing.

The prize for union leaders could be greater influence through the eventual expansion of unions as they regroup along industry lines — though that is expected to take some time.

The package reflects a new sophistication on the part of the FOL, which took the initiative throughout. The Government officials, *NBR* understands, had played a largely neutral role — though it remained to be seen whether that would change on Friday.

Airag seeks capital to crank up takeoff motors

by John Draper

AIRAG International Ltd is making a second attempt to get airborne with fresh meat, fish and horticultural produce destined for the Middle East.

After months of delay last year, the Christchurch-based firm was granted a six-month permit to operate, too short to encourage potential users to invest the $1.5 million then being sought.

The company is trying again, seeking to raise $200,000 to provide the start-up capital in $1 shares and clear outstanding debts of $75,000.

If successful — and a week after the prospectus was issued, interest was slow — the company will ask the Minister of Civil Aviation to renew the operating permit, this time for a period of two years.

General manager David Grant said the longer period would make the company a more attractive investment and give sufficient time to prove itself.

In the long term, Airag aims to own a DC8 freighter similar to that to be operated by Air New Zealand next year.

"The company has two aims," Grant said. "To provide a freight service and to save overseas funds."

October will be the ideal month for Airag to take off, initially in a chartered aircraft, flying lettuce and strawberries to the Middle East and to Frankfurt for the Christmas trade.

Frequency will depend on demand.

Airag will also be seeking the right to operate trans-Tasman either as a charter operator or on a more regular basis, taking advantage of the lower freight capacity resulting from Air New Zealand's introduction of Boeing 747s on less frequent schedules.

T & P clean promotion

THE New Zealand tourism promotion that toured 15 major North American cities last year is being revamped before being sent back for a round of secondary cities.

A 45-minute film with two nude scenes, is being "restructured", according to a Tourist and Publicity Department spokesman — and the nude scenes are coming out.

New Zealand showbiz stars like Howard Morrison, Tina Cross and Howard Morge, considered ordinary in the American firmament, are being replaced by a 10-strong Maori cultural group — singers, dancers and even a weaver.

Last year's show was panned by a newspaper correspondent in Canada and met a fair share of criticism from others.

The promotion was mounted by the Tourist and Publicity Department in association with Air New Zealand, Mount Cook Airlines, Pan Am, Continental and other companies in the private sector interested in promoting New Zealand as a destination for North Americans.

The film was shot by the National Film Unit but paid for by the Tourism and Publicity Department. It included a back view of a woman climbing into a hotel-room shower, and a shot of a young couple enjoying a shower together.

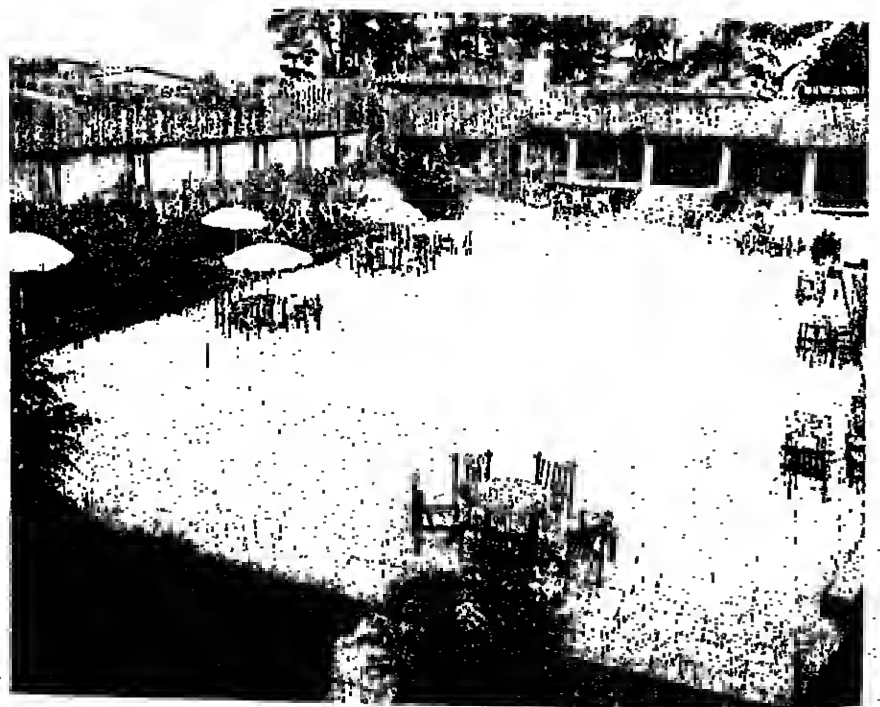
Both scenes are coming out, but the department denies it is cutting them because of complaints received during the American showings.

The whole promotion is being given a Maori flavour, according to one source, because that's how the department assesses the market there — more responsive to ethnic-type shows than copies of sophisticated promotions that American and European countries can do so much better.

Auckland: South Pacific Hotel

Wellington: Hotel St George

Wellington: Hotel Waterloo



Christchurch: Hotel Russley

The week

Dairy Board anticipates EEC butter proposals

by John Draper

THE European Economic Commission's proposals for Anchor butter exports contained few surprises, and nothing the Dairy Board had not been planning for.

The proposals are nowhere near the disaster they first appear.

Butter exports to Britain – the commission's proposal for a "European-wide quota" is meaningless because only the British eat the Dairy Board's Anchor brand – will be cut progressively from the present 115,000 tonnes to 90,000 tonnes by 1984, a year earlier than anticipated.

But net return per tonne will go up by at least 25 per cent as the commission slices the levy by half, and gives the Dairy Board control over its wholesale price and marketing strategy.

The levy is now about half the wholesale price.

If the commission's proposals are not watered down by the Council of Agriculture Ministers, New Zealand effectively will be 2500 tonnes of butter down in 1984 at today's prices.

But the Dairy Board will have the equivalent of 25,000 tonnes of butter to sell elsewhere in the world or in the form of other products.

The board has been working towards diversification into cheese and other products for some time. Incoming chairman Ken Mehrtens made the necessary diversification and investment programme the keynote of his speeches to dairy farmers earlier this year.

But butter in Britain is far ahead as the best export dollar earner. In mid-June, butter was yielding a net $2050 a tonne to the Dairy Board in Britain, but only $1400-$1500 elsewhere.

Cheddar cheese prices ranged from $1300-$1700, wholemilk powder $1000-$1200, anhydrous milk fat $1600-$1800 and skim milk powder $800-$900.

Earlier this year the board opened its own butter packing plant, which will handle almost the total British quota in 1984, to ensure better quality control in a programme to make Anchor a premium butter.

The commission's proposal which Agriculture Commissioner Finn Gunderlach will discuss with the Government in Wellington this week, is seen as the best possible offer.

No more concessions are likely to be made, and the proposals can only be modified downward by the Council of Ministers.

Essentially the Government, assisted by the Dairy Board, will be seeking to strengthen Gunderlach's resolve to fight for the proposals should the ministers disagree.

Lamb is also on the agenda for the talks. The Government is determined to keep the two issues separate, but it is clear they are both going to be settled in Europe at about the same time.

Further flurry hits textile industries

by Rae Mazengarb

THE clothing and textile industries suffered a further series of blows last week.

Mosgiel Ltd's receivers planned to start winding down the company after an offer from Alliance Textiles Ltd fell through – despite moves by second-debenture holders to put together another rescue operation.

The Alliance bid failed when the Government decided against lending financial assistance for the restructuring.

The tiny Horowhenua town of Shannon learned that Broadway Suits, its last clothing factory, was to close.

The town was still stunned from the announcement last month that Fibremakers Ltd – which employs 120 of the town' workforce – would close in August.

And within hours, news broke that half the 280 clothing workers employed by Christchurch-based Fabiola Fashions would be laid off, with little prospect of finding alternative employment.

Industry sources say there will be many more closures as imports from Australia continue to flow in.

They say it is difficult to state specifically what is at the heart of the current collapses.

In some cases it could be the result of bad management. But generally there has been intense competition on a weakening domestic market.

The general state of the economy has done little to boost trading.

On the other hand, the Government's February decisions to restructure the textile industry in line with recommendations from the Industries Development Commission, could have sounded the death knell of several companies which could not see themselves fitting in with the future plans for the industry, some suggested.

When the Government announced its plans to strip off the trade's protection mantle, encouraging rationalisation, greater efficiency and international competitiveness, Trade and Industry Minister Lance Adams-Schneider said: "This plan is an expression of the Government's commitment to change, albeit in a cautious way."

He said the measures were designed to "capitalise on the strengths and the potential of the textile industry by reducing the costs of yarns and fabrics and other raw materials and encouraging greater productive efficiency".

Now there appears to be little hope for the ailing company after the Government's refusal to come to the party and grant Alliance's request for $6,500,000 to bail out Mosgiel.

The Government saw the production of wool-based products, knitting and apparel as the potential growth areas.

That was in February.

By the end of April, Mosgiel looked to break the ice on talks for industry rationalisation when, cold-shouldered by Alliance only a few weeks before, it went into receivership.

Shannon-based Broadway Suits – the fully-owned subsidiary of Wellington-based Wright and Witt, is yet another casualty of poor market conditions – following closely on the heels of Fibremakers.

Both closures are bad signs for the retailing sector of the town.

Comment

Editorial

THE Government last week exposed to the world a palpable impertinence and pathetic pettiness in its handling of the UNESCO conference. It also demonstrated yet again to its own people its perturbing propensity for trampling over basic democratic rights and freedoms.

The niceties of diplomacy apparently gave rise to the Ministry of Foreign Affairs' bamfisted — and unsuccessful — attempts to politically mute the delegations from Afghanistan, Kampuchea and North Korea.

We recognise both North Korea and the Democratic Kampuchean (Pol Pot) Governments but do not have diplomatic relations with them. We do not recognise the Afghan regime, which we regard as a Soviet puppet.

Events in those countries have been fundamental in the shaping of our foreign policy. Increased tensions along the Thai-Kampuchean and Thai-Laotian borders have become crucial to the nature of our relationship with the ASEAN countries. The Soviet invasion of Afghanistan has led to trade bans (of dubious value) with the USSR, a firming of our alliance with the United States, and to the Olympic Games boycott.

We are bound to be concerned with the intentions of North Korea as the regime in the South of that divided nation totters on the brink of collapse.

The visit to this country of politicians from those countries provided an invaluable opportunity for the public to hear what they have to say about the various situations.

In the case of Afghan delegation leader Dr Ratebzad, the news was that we are the victims of "imperialist propaganda and lies" about her country and Soviet intentions. And the probable reason for the gag on her, she suggested, was that her delegation would not take the "official" line (whatever that may be). A spokesman for the Ministry of Foreign Affairs far from delicately described that as "crap".

Foreign Minister Brian Talboys was more mealy-mouthed in denying the delegations had been muzzled. Rather, they had been told they could not engage in public political activity and had been asked not to get involved in activities of a public nature outside the conference, he said. The Government was concerned they might use the opportunity to "engage in public debate on controversial political issues which have no connection with the conference, but could politicise the conference and hinder its constructive work". Thus the delegations had been permitted to enter solely to participate in the conference.

The delegations had indicated that they understood and accepted that this was the basis on which they had come to New Zealand, Talboys said.

The irony — as the *New Zealand Herald* pointed out — is that the delegations are attending a conference of an agency of the United Nations, whose Universal Declaration of Human Rights endorses the right of everyone to freedom of opinion and expression, a right which "includes freedom to hold opinions without interference and to seek, receive and impart information and ideas through any media and regardless of frontiers". Further, New Zealand's ratification of the International Convention of Civil and Political Rights prompted the Government last year to reverse its policy of prohibiting students on South African scholarships from participating in political activities while studying in New Zealand.

A year earlier, Frank Gill as Immigration Minister had advised the scholarship trust board of a Cabinet decision to admit students only on condition they did not take part in political activities, including making public speeches. The University of Auckland Law Students Society appealed to the Human Rights Commission; the commission approached Gill's successor, Jim Bolger, who announced the inappropriateness of the entry conditions in light of the convention's ratification.

Last week, the North Korean delegation expressed disappointment at the ban on their talking yet observed the Government's stipulation. But both Afghanistan's Karmal Government and the Pol Pot regime — which have been vigorously lobbying for international acceptance — ignored the ban. The Kampucheans distributed a propaganda pamphlet; the Afghans talked to the news media.

The Afghans were rankled less by the muzzle than by the fact that the Soviet delegation was permitted to talk. They had been obliged to sit by while the Russians spoke about Afghanistan. But Dr Ratebzad decided to grant an interview to counter what she regarded as distortions from the Soviets, arguing that the New Zealand Government would be acting unreasonably if it prevented her from correcting the wrong impression she felt was held by New Zealanders. And it was ludicrous to expect her to say nothing while the Soviets spoke on matters directly affecting her Government.

Another Afghan delegate, G Yurish, explained: "We will not permit (the circulation of) misleading information from the Soviet Union or from other countries . . . we know best about our own country". And he quaintly noted that maybe the Soviet Union was not wrong about what it said — "but we are more correct".

When it comes to foreign policy, of course, trade is the determining factor. It is thus germane to note that exports to the five ASEAN nations which support Pol Pot increased by 17 per cent from \$178 million in 1978 to \$208 million in 1979.

South Korea has been a major growth market — an increase of 10 per cent last year to \$7.4 million. Exports to Eastern Europe have increased 92 per cent to \$221 million last year. The main market is the Soviet Union, where our sales were \$177.2 million. Trade with Afghanistan, Vietnam and North Korea is negligible.

Trade with the Middle East increased by 17.7 per cent from \$98.5 million in 1978 to \$115.9 million last year. Exports to Saudi Arabia doubled. Thus the Government should have heaved a sigh of relief at the Broadcasting Corporation's decision not to screen the controversial "Death of a Princess." The corporation accepted the validity of claims that the film "misrepresents and distorts the values of the way of life it deals with" and was "without value as education or information". Yet corporation members chose not to view the film. And in the same week as they expressed concern at offending the faith of about 3000 Moslems, the BCNZ screened locally produced comedy, an irreverent look at religion which many viewers complained was in poor taste and blasphemous.

Prime Minister Rob Muldoon did not help matters when he denigrated two broadcasting executives who had recommended the film be shown, and complained that the corporation had made the right decision for the wrong reasons. Thus he emphasised his readiness to censor in deference to the dollar.

But he shrugged off the breach of their visiting conditions by the Afghan and Kampuchean delegations, philosophically accepting that the distribution of material of a type which comes into the country every day "is not going to bring on World War III" and conceding that he "could not get too excited about it . . . it is not going to do much damage to anybody."

A pity his philosophy does not go deeper. Freedom of speech is an inalienable right in a democracy, and the Government lays itself open not only to the serious charge of repressing free speech but also of having a double standard by allowing some but not all visitors to speak freely. The risk of offending another Government should not be allowed to interfere with the rights of New Zealanders to hear all points of view about issues of international concern because only an informed public can sift the reality from the propaganda.

John Stuart Mill, who unlike Muldoon has gained for himself a reputation as a liberal democratic philosopher, expressed it succinctly: The peculiar evil of silencing the expression of an opinion was that it robbed the human race, he argued. "If the opinion is right, they are deprived of the opportunity of exchanging error for truth; if wrong, they lose, what is almost as great a benefit, the clearer perception and livelier impression of truth, produced by its collision with error."

Bob Edlin

Without word of a lie

Binding agreement hit snags

FROM the latest issue of the NZ Airline Pilots' Association magazine we glean this gripping tale, which they gleaned from their British colleagues' magazine.

"It happened on what is normally a quick dash into Europe and back, the sort of trip where, if you live close to the airport, you can leave the house at tea time and be back in time for *News at Ten*. On the trip in question, the aeroplane developed a snag during the transit and eventually a quick trip turned into a European night stop. As the delay built up, one of the ladies of the cabin became increasingly agitated and when the night stop was declared she became hysterical. Eventually one of her colleagues calmed her down and the reason emerged.

"On this sort of trip the average chap would ensure that there was something pleasant left behind to greet him on his return — say half a dozen beers in the fridge. The lady had a new twist to this scheme. She and her new husband were, as they say, 'into bondage,' and her little something pleasant left behind was hubby nearly trussed in the bedroom cupboard, simmering nicely for her return, a scheduled five or so hours later.

"Hence at the announcement of the unscheduled night stop there was panic, hysterics and much earnest sucking of pencils as a suitable signal was concocted to alert the local constabulary to the plight of the once simmering fetisher now rapidly cooling off."

The British pilots' magazine apparently offered a prize for the best (printable) suggestion for either the words of the signal or the constable's first words when he burst in to the rescue.

Coupon bounces its way back from the bank

THAT respected journal of commerce, the *Mercantile Gazette*, seems to be indulging in a strictly unrespectable profession — printing dud cheques.

Through the letter boxes of prospective customers has been arriving a blurb inviting new subscriptions for the *Gazette* and its sister publication, the *Company Director*, with a "cheque" for \$4.85 attached.

"This cheque is absolutely valid," the headline screams. But it is not, as a rather peeved man in the ANZ Bank pointed out.

In short, the ANZ which does enclose 20 cent cheque "come ons" for the Readers Digest would not honour the *Mercantile Gazette's* "cheque".

The document, which is nothing more than a discount coupon, is not crossed, nor drawn on any branch of the ANZ and has a bogus account number.

But the worst offence, and one contravening banking legislation, is the lack of any statement that cheque duty has been paid.

Perhaps the *Gazette* was forecasting that the Budget would remove stamp duty entirely, rather than increasing it to 5c for each cheque.

Winemakers press through gauntlet

PITY the poor New Zealand winemaker. First he is hammered for increasing his prices at nearly four times the rate of imported wines. Then various nosey-parkers discover he has been watering his product and Government moves to make the practice retrospectively legal.

None of this is likely to endear the winemaker to the bibulous public — and just when the wine industry was starting to emerge from the plonk syndrome and gain some prestige.

To top it off, winemakers have been on tenter-hooks for months waiting for the long overdue IDC report on their industry.

The Wine Institute wants more protection from imported wines. But if the IDC's study of the textile industry is anything to go by, winemakers are likely to be told to pull up their socks, and compete with imports at home and export more of their product.

But this would be like sending David into the lions' den with one arm tied behind his back. Local winemakers are forced to sell through the wholesalers and the wholesalers average the price out around the country. With our sky-high internal freight, this means Auckland drinkers subsidise everyone else's booze.

It costs \$2.50 a case to ship wine from Auckland to California and \$4 a case to ship it from Auckland to Dunedin.

New Zealand winemakers pay double the price for bottles and bag-in-a-box cartons that their Australian competitors pay.

AHI supplies the bottles and some of the bag-in-a-box cartons here.

Maybe the wine-makers should join forces with their old arch enemies the breweries. The breweries are up against imports of Australian beer and once again AHI charges about double the price for tins as the Aussies pay.

So what's new in 86 years?

AGRICULTURE Under-Secretary Rob Talbot, talking to the Tegel chicken people the other day, pointed out that "New Zealand has an excellent opportunity to export frozen chickens and ducks to Britain".

Quoting from a report he had seen a few days earlier, he went on: "Although exporters would face high freight costs, a quality article arriving at the right time on the British market could be the basis of a sound business."

"This is the encouraging result of an investigation into prospective export outlets for New Zealand poultry, initiated by the Government in March."

That was March 1894. And as Talbot went on to point out, "in some ways times don't really change".

Eighty-six years on freight rates are still high and export industries are seeking new technologies to increase product quality and range to stay ahead of overseas competition and to keep those overseas dollars rolling in.

Are we just running hard to stand still?

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Brockie's view

Comment

Super optimism can be as troublesome as lunacy

BOB Forward, land manager of the Mount Cook Group, has described objectors to the multi-million-dollar (perhaps \$5 million?) Mount Cook Rastus Burn Ski Field as: "The lunatic fringe of the environmental movement". These are strong words.

He also seems concerned that some were Government employees whom he says "have gone against what their own departments recommended". He goes on: "If their own departmental heads cannot bring them into line, then I think the politicians should." This is also strong talk.

There are important issues involved which we would like to take up on behalf of the Remarkables Protection Committee and the Remarkables Action Council, two groups formed to represent an important part of the public interest concerning the Rastus Burn Ski Field and tourist development proposal.

These were not lonely, isolated voices of concern since objectors included a wide range of individuals and bodies.

The Remarkables Protection Committee was established by the Wakatipu Environmental Society in 1974 to represent the considerable degree of public concern relating to the Mount Cook Group proposal and included a number of people whose families go back to the earliest days of Queenstown.

The Remarkables Action Council was established in Dunedin in 1977 and had the full support of the following groups: Federated Mountain Clubs of New Zealand Inc; The Otago Tramping and Mountaineering Club; The Aspiring Mountain Club; Otago University Students Association Inc; the Otago section of the Alpine Club; Central Otago Tramping Club; Dunedin Metropolitan Branch of Values Party.

These groups expressed their serious concern about the proposal from the environmental viewpoint and the fact that there had been inadequate soundly based research to justify the statements being made concerning the Rastus Burn and its potential.

In their first environmental impact report in 1974, the Mount Cook Group in fact mentioned that by 1990 there could be up to *10,000 persons per day* going into the Rastus Burn and to the proposed lookout. They stated that such numbers would have little social effects on Queenstown. Some objectors felt that this indicated either some form of megalomania or at least a lack of critical concern as to what the consequences of such large numbers really would be.

Others were concerned that if the two lane highway across the geologically unstable northern Kawerau face was built, that it could have high maintenance costs and that the Mount Cook Group would, before many years had lapsed, ask the National Roads Board to take over its maintenance, as has happened with the road to the Coronet Peak Ski Field.

Many objectors really believed that the Remarkables were part of our national scenic resource and should be left unmolested and unscarred, as part of our natural heritage. So, there were many rallying points for those who were seriously concerned about the proposal. Are these the concerns of a lunatic fringe, Mr Forward?

It is, perhaps, not widely known that the Lands Settlement Board who, on November 6 1974 declined the application by the Mount Cook Group "at this stage", then asked the Lands and Survey Department to convene a broad based investigation into the total Remarkables area *"to assess its potential for future scenic, recreation and tourist use"*.

In 1977, the report by this multidisciplinary team recommended against ski field development in the Rastus Burn but felt that Doolan's Creek Basin was suitable. Its findings were later not accepted by the Lands Settlement Board and in September 1977 the Mount Cook Group were granted their lease for the Rastus Burn. Several of these highly trained men from government departments who had been in the study team later gave evidence on *subpoena* at the hearings on behalf of the objectors and thereby incurred Mr Forward's wrath. The fact that their considered findings were overruled in the corridors of power in Wellington may have also strengthened these people to take a courageous stand.

It is good that we are in a democracy and have people who are willing to stand up for what they believe is important, not only now but in the long term.

There must be public debate and the opportunity to pursue particular issues through the Town and Country Planning Act.

The balance between conservation and reasonable development is something which we must strive for as a country and is a pathway which the majority of environmentalists, lunatic or otherwise, accept as most important. Bob Forward still has ideas of very large numbers of skiers for the field.

In *New Zealand Skiing News*, June 1980, he stated: "Within five years of opening, we could be coping with 10,000 skiers daily on Rastus Burn, which is about 400m higher than our ski field on Coronet Peak, also about 18 km from Queenstown."

Is this super optimistic forecast put forward to encourage the Mount Cook Group directors to forget their liquidity problems and to proceed with what will be a very expensive proposal?

It was also considered at the hearing that 4000-5000 was the maximum the road, if built, could handle. Is there now some new information available? Super optimism can be as troublesome as lunacy.

The Planning Tribunal in April, 1980 has ruled against the objectors, although one of the four members of the tribunal did not favour the scheme. We now have to abide by the decision of the tribunal. There are however, some important outcomes which have been achieved by the appeal process.

The whole of the Remarkables appeal area has been considered by the tribunal as being of national significance, particularly from the point of view of its physical attributes as a place of outstanding beauty, and as a place of importance for those wishing to use it for outdoor pursuits of the unstructured kind, particularly tramping and climbing.

The appeals both to the Lake County and the Planning Tribunal have indicated the real problems and conditions that will have to be faced in the construction of the road from the engineering viewpoint.

So we may be a lunatic fringe with a strong concern for conservation of the environment, but now we have three tasks.

Firstly, to build up a monitoring surveillance system so that the Mount Cook Group, engineers and others involved with the project do, in fact, adhere strictly to the conditions set down by the Lakes County and the Planning Tribunal.

Secondly, to somehow find the \$19,000 needed for expert witness and legal expenses (no payment for the hundreds of hours put in by many members of our groups).

Thirdly, to publicly recognise the valuable contribution the Mount Cook Group has made to the development of tourism over the years and will certainly continue to do, to an increasing extent. However, we still hope they will not continue with the Rastus Burn scheme which will certainly be very expensive, may not provide the long season and which could have real difficulty in coping with 5000 people per day and giving good skiing, let alone the 10,000/day as mentioned by Mr Forward in his recent statement.

FOOTNOTE: The Planning Tribunal on June 16 announced that it has ruled rated costs to the extent of \$8500 against the Remarkables Protection Committee — \$5000 to the Mount Cook Group and \$3500 to the Lakes County.

We believe that judgment for costs of this extent against groups appealing on issues under the Town and Country Planning Act would be a disturbing and dispiriting trend at a time when we need a more open and involved society.

THIS article in defence of environmentalists' opposition to commercial skifield developments was sent to National Business Review as a letter to the editor in response to criticisms contained in an article we published on May 5. The letter was signed by Ian Prior, of Wellington, a member of the Remarkables Protection Committee; D J Jardine, of Queenstown, chairman of that committee, and Russell George, of Dunedin, chairman of the Remarkables Action Council.

Letters

Pot-pourri stirs State

IT would be pointless to comment in detail on the remarkable *pot-pourri* of fact, opinion, inaccurate statement and plain nonsense dished up by Warren Berryman in the special feature on the meat industry (*NBR* June 23). Nevertheless, since the whole feature appears to be aimed at the denigration of the Ministry's Meat Division and its officers, some comment seems to be appropriate.

The division's major responsibility is to ensure that products and premises coming within the scope of the Meat Act, meet the standards required by importing countries.

It does this by deploying veterinarians and meat inspectors at meat export works throughout the country. Their task is to provide certification to overseas customers that meat and meat products are inspected and passed as fit for human consumption and that plants are constructed to, and operated at, the hygiene standards demanded by the markets which we supply. If this task is not done to the satisfaction of the veterinarian authorities overseas, then market access would be denied our major export product.

It may be that some company executives speak of meat inspectors as "tin hitlers" or "the chosen race" but I doubt if this is a universally held view in the industry. Certainly in any large inspectorial work force there will be attitudinal problems and we have our share of them in the ministry as in fact have all sectors of the industry.

Nonetheless, my overall impression is that the veterinarians and meat inspectors employed in the Meat Division are competent and dedicated public servants doing a difficult job to the best of their ability.

There are several points in the feature which warrant specific comment:

- The Codex Committee on Meat Hygiene is chaired by the director-general of Agriculture and Fisheries. Its task is to recommend a Code of Hygienic Practice for use in the international meat trade. The New Zealand delegation to the committee includes representatives from the ministry, the Meat Industry Research Association, the Freezing Companies Association, the Meat Board and Federated Farmers. The brief for the delegation is agreed by these organisations.

It is thus not true that meat industry people are involved only as onlookers or that farmers do not get a look in. Certainly, New Zealand meat consumers are not represented but in the context of this committee that is the responsibility of the delegations from the importing countries.

- Your reporter says that the true costs of meat inspection are lost in that amorphous mass of Government expenditure. This is not correct.

The cost of the division is explicitly appropriated in the estimates for vote Agriculture and Fisheries each year. Expenditure for 1978-79 was $19.4 million and the appropriation for 1979-80 was $25.3 million. Both these figures are readily available from the main and supplementary estimates for 1979-80. Actual expenditure for 1979-80 was $25.3 million.

- William Maughan of Massey University is quoted as saying that more than 50 per cent of the plants cannot reduce contamination for lambs to below 15 per cent of the kill. I can only assume that this is an old quotation, for on the basis of experience in the current season it is demonstratably inaccurate. Since February no plant has had a monthly contamination rate for lamb of above 15 per cent. When season-to-date figures are examined, only one plant averages above 15 per cent and clearly dressing standards at this plant have improved in recent months.

The fact is that the performance of the meat industry in lowering contamination rates this season is a real success story. It has been achieved by a genuine co-operative effort by company management, board walkers, slaughterers, union officials, veterinarians and meat inspectors. There is still some way to go but what has been achieved this season is a credit to all involved.

- While I enjoyed your reporter's light touch about what he calls "the snakes and ladders game", the simple fact is that the ministry has produced a flow chart which sets out the procedures which are to be followed. This is, of course, a normal management tool.

My understanding is that it is appreciated by a number of the companies who are now making good use of it.

- The ministry is not in the business of telling companies how to build their plants. It is, however, under a statutory requirement, which has been there for many years, to examine plans to ensure that they comply with the hygiene standards laid down.

It is essential for companies to meet these standards but the ministry is not inflexible in terms of how these standards should be met. Within the constraints laid down by our overseas customers we seek to be as helpful as we can to the industry.

Poorly researched articles of this sort are no credit to your publication, nor are they helpful to our major export industry where very positive efforts by all parties are being made in several spheres to make worthwhile progress to New Zealand's advantage in what is a volatile and complex environment.

J Yuill
Assistant Director-General
Ministry of
Agriculture & Fisheries

Confounding computers

YOUR bold headline: "Computers put quarter of a million out of work" (*NBR* June 30) caught my eye.

So, the hens have come home to roost I thought and computers really do put people out of work. I read on and found that an Australian study had established that some 244,000 jobs have been displaced by computers in the past 20 years. That funny word "displaced" caught my attention, but I read on. I found that in arriving at the assessment, the foundation that had carried out the survey said it had used conservative figures of the job losses and the figure could be worse, maybe 400,000 jobs.

Good Lord I thought, it looks bleak! But then at the bottom of the second column of your article I read that the computer consultant who coordinated the research said that the number of people actually put out of work by computers in Australia was 24,000.

By an unexplained formula of 1 to 10, the researchers had found that the total of 244,000 jobs had been displaced. I read in the third column of your article that the definition of "displaced" means lost opportunities; jobs that would have been available had there been no computers. Quite a different kettle of fish to "computers putting quarter of a million out of work" as your headline suggested.

I laboured on with the article and found that the same computer consultant who co-ordinated the report suggested that computers in their time had created 77,000 jobs. He compared this with the displaced jobs and came to the conclusion that his figures demolished the myth that computers created more jobs than are lost.

By my calculation, 24,000 jobs were actually lost and 77,000 jobs created. Somewhere into this formula the consultant had built in a 1 to 10 ratio of jobs displaced.

To me the facts that are gleaned from the article were that actually in the past 20 years computers had created 53,000 jobs.

The article and it's headline were misleading. The majority of people who read *National Business Review* are reasonably intelligent and I would say that the sort of journalistic gobbledigook used in this particular article did neither your paper nor their readers any justice.

M E C Cox
MP Manawatu

Marketing co-jointly

I enjoyed your article "Plethora of Packaged Policy Promotion for Farms" (*NBR* June 9). Being a poor simple underwriter, I had to consult my Oxford Dictionary to discover that plethora means, along with over supply and glut, an excess of red corpuscles. It is not an excess in your article that we wish to point out but rather an omission.

We feel sure that the article's failure to acknowledge that Wrightson Farm Insurance was marketed co-jointly with the National Insurance Company of New Zealand Limited, and the NZI has nothing to do with the fact that you live in that island north of the Mainland. However, just in case you have overlooked that other company that has its head office in Dunedin, I am enclosing a copy of our latest promotional brochure.

G G Williams
Manager for New Zealand
National Insurance

"Who are you going to believe ... my client or that foreign-made tape recorder!"

Politics

Wage-fixing poser now after new mood budget

by Colin James

IT'S official: the Prime Minister has joined the private enterprisers. So said the Budget — or did it?

While economists puzzled over the Budget's economic emptiness, to political miners it yielded up a fascinating ore for refining.

The cautious, defensive financial fiddler of last year grumpily paying light lip service to his party's new mood had turned trumpeter of the good news.

Quote: "One feature of the transition is already plain — countries can no longer afford to 'carry' industries which do not pay their way."

Quote: "The need to improve the functioning of the economy, to remove the rigidities and allow it to operate more freely, is at the heart of the Government's policies for development."

Quote: "Today's dirty word is inefficiency, not profit."

Quote: "The means to that end" (greater efficiency) "will be to allow free enterprise to operate in many areas with less intervention by the Government in decisions in the market place."

Growth, restructuring, non-intervention — the credo of the backbencher and the Quigleyite, the phrases the rank and party activists through to president George Chapman, have been urging on him since the election but that he has seemed incapable of saying.

It is true that in last year's Budget one sentence talked of creating an economic climate "in which initiative and enterprise can function more flexibly and freely" — but it read as an afterthought rather than an underlying rationale.

It is true also that that Budget announced some flexibility in import licensing and a new exchange rate regime aimed at compensating for inflation.

But though National MPs at the time made much of these moves as small but important steps in the direction they wanted to go, the Budget rationale for them was export competitiveness, suggesting a narrower ambition on the Prime Minister's part than on theirs.

The Prime Minister himself put it this way in last year's Budget summing up: "Quite simply it" (the Government's growth strategy) "is this: to put into place measures which will overcome the major obstacle slowing New Zealand's development, the shortage of foreign exchange."

Even the Labour Party could hardly disagree with such an objective.

Not so the objectives in this year's Budget. The Prime Minister seems — not just to me but also to parliamentary insiders — to have undergone some sort of conversion.

In the last three months of last year, after nine months of defensive hesitancy in the face of the determined new breed who wanted big changes fast, he began to reassert himself in the Cabinet and the parliamentary caucus, taking up the Birch-Brill rapid industrialisation scenario. Rank and file animosity began to recede.

There was a short period when he looked as if he might try to turn back the free enterprise tide.

He was able successfully to brush aside demands for Cabinet changes. The Petrocorp affair rekindled suspicions. So did his more recent unsuccessful challenge to his MPs' determination to delicense the freezing industry (though that may have been a bout of devil's advocacy).

But hints that he may in fact be swimming with the tide came in the Government's swift adoption of the textile restructuring plan (and subsequent refusal to interfere as its consequences were felt); the endorsement of the search for closer economic ties with Australia; and a decisive move on shop trading hours.

Parliamentarians insist that in the past two or three months he has been with the tide, relaxed, confident, in control. They see in the first 10 pages of this year's Budget a commitment to a future much in tune with their thinking: a clearer commitment than even some of those fairly highly placed dared hope for.

The implication is obvious: if the Prime Minister is going along with the new mood instead of being propelled by his juniors, faster progress can be expected in the future.

With a string of industry studies in the pipeline, the opportunities for pushing restructuring along at a fair pace are considerable.

And with proposals to overhaul Government spending control procedures shortly about to reach Cabinet level, opportunities may emerge to make real cuts in state spending.

There was some grumbling among the new breed last week that a substantial increase for education (even allowing for the impact of back pay) had slipped through the net hastily stitched together earlier in the year.

But, wait, is not this all a little too pat? Are we really on the road to Damascus?

Listen to the Prime Minister speaking to accountants on Budget eve:

"Some of you may ask why the Government is not prepared to take a political risk. The answer is a logical one rather than a political one.

"In logic, what good does it do the New Zealand economy if the Government implements policies which are politically unacceptable and it is thrown out of office at the next election and replaced by a Government which clearly will be pledged to undo all the things that have caused the Government to be thrown out?"

In the Budget itself there were repeated qualifications of the "more market" line.

Thus changes to import licensing were said to be inevitable — but there was no question of "moving to free trade". The textile plan, cited in one place in the Budget as an example of rationalisation, was in another place used to illustrate "the Government's willingness to maintain high tariffs ... to support New Zealand manufacturers".

The Prime Minister opted for "steady, planned and progressive adjustment". And, apart from a little tinkering with sales taxes and some small employment support and restructuring proposals, the Budget carried pretty well nothing concrete to back up the beautiful rhetoric.

Rather than tiger changing his spots, is not the Prime Minister a sheep pulling on wolf's clothing?

The spots version was strongly argued to me last week.

The balance of the rhetoric has clearly shifted from qualified negativity to qualified positivity.

And, it was argued, apparent inconsistencies were explicable on the ground that for the Prime Minister the conversion was not political — the ideological motivating drive of the new breed which is thus impatient with gradualism — but economic.

In other words, it was said, he has at last recognised the economic inescapability of deep change. But his acute electoral sensors tell him not to initiate the change in such a way that it denies National victory in 1981.

There may be a longer-term aim: to ensure the tender tree of rapid, free enterprise industrial development is well rooted and flourishing by denying Labour the chance in 1981-84 to tear it up and plant its own, different, development tree.

But, while some MPs see it that way, there is no conclusive evidence the Prime Minister, traditionally a short-term thinker, does.

This short-term/long-term tension bedevils the Government in other ways.

A key omission from the Budget was any move on income tax which, in the absence of cuts, inflation will push up as a proportion of individual incomes.

There is a political rationale. The nearer to the election the cuts, the more likely memories will turn to votes. There is also an economic rationale; the uncertain international economy.

But there is another hinge: the wage-fixing talks. Tax cuts could be traded for, or follow, restraint in gross wage rises.

This is not a simple matter.

I understood a working party of officials from the Federation of Labour, the Employers Federation and Government departments has reached tentative agreement on a radical wage-fixing package.

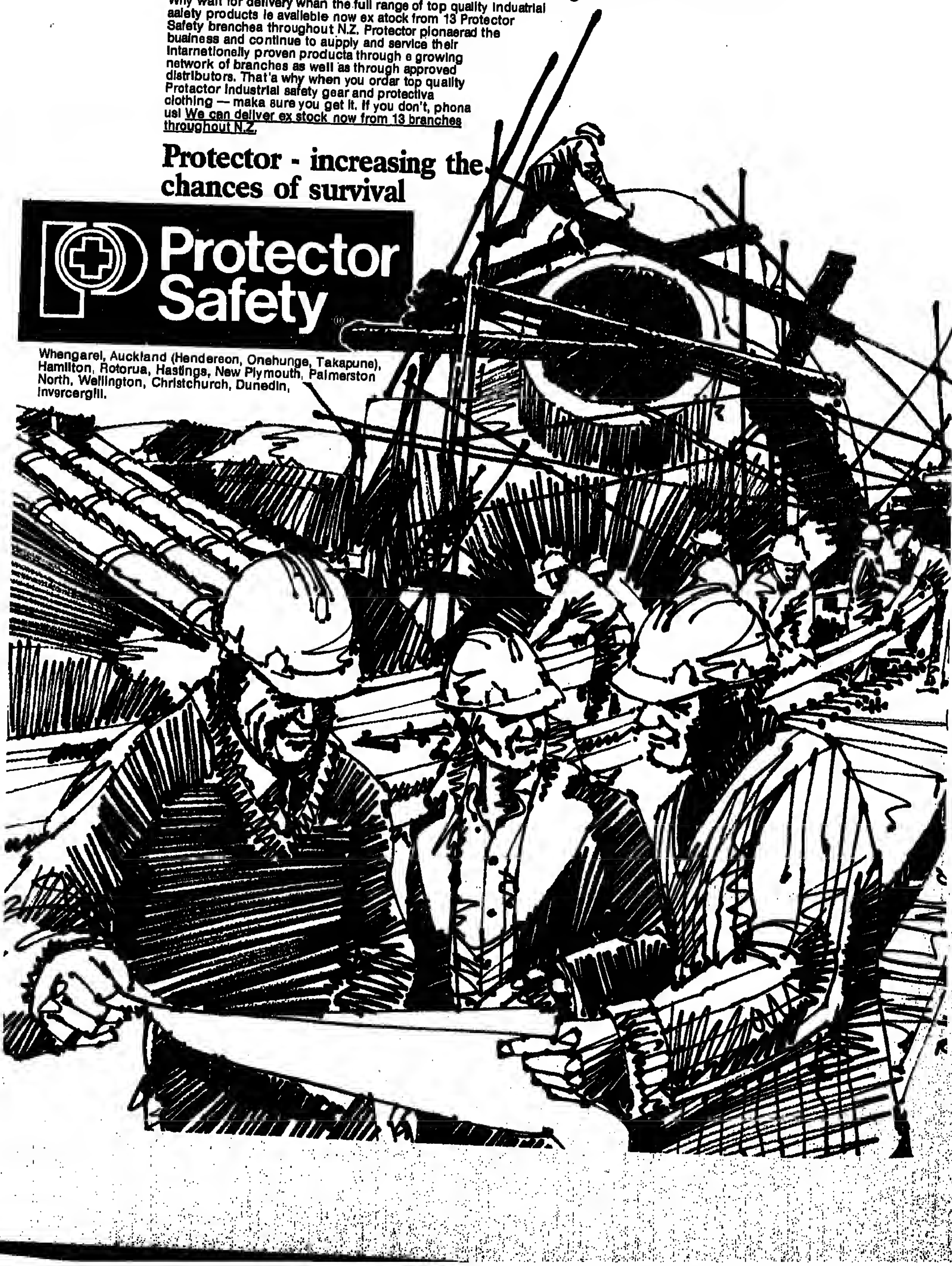
This centres on a basic minimum wage for a single person in all awards, set by the Arbitration Court every three years on the basis of living needs and economic constraints and inflation-compensated six-monthly.

Because present relativities would simply pass this up the line in percentage terms, it is also proposed to restructure the award system into about 40 industry groupings, thus replacing the current ossified "horizontal" relativity (along trade lines and across industry lines) with a more flexible "vertical" relativity (along industry lines and across trade lines). New margins for skill would have to be set.

The speed with which the package has come together may have caught ministers (and perhaps officials, too) by surprise. At first blush it looks likely to be regarded with suspicion by the Cabinet.

Perhaps this explains the Prime Minister's late decision to go for the July 3 Budget date rather than the July 24 that was being worked towards. On the later date there may have been more pressure for a tax cut — and for more than the much derided 4 per cent cost-of-living wage rise.

The art of fancy footwork is not yet dead, as it seems we shall see over the next few months.



New series shows wages and prices neck and neck

Economics Correspondent

WAGE earners were able to purchase exactly the same amount of goods and services during March year 1980 as they were able to purchase in March year 1979. This is the story reported by the Department of Statistics index of effective prevailing weekly wage rates for March quarter 1980.

The prevailing wage index was first introduced in March this year. It measures the movement in the actual rates of pay for all adult employees whose minimum or mandatory rates of pay are fixed by, or within, the jorisdiction of the Arbitration Court, or prescribed by statutory aothority.

This index has the same weighting pattern and coverage of awards and agreements as the familiar nominal weekly wage rates index. The nominal weekly wage index measures legally determined wage rates.

"Wage drift" is the difference between award rates and what employees are actoally paid. The extent of wage drift can be determined by comparing trends in the nominal wage index with trends in the prevailing wage index.

As the table shows, wage drift has not been significant during the period when comparative statistics have been available. The difference between the increase in award rates and actual rates of pay rose to around 1 per cent in two out of six measurements, for December 1978 and September 1979.

Wage drift reaches more significant proportions when an average of the indexes for the four quarters in calendar year 1979 is compared with an average for the previous year. Using this method of calculation, nominal or award wage rates grew by 13.6 per cent during 1979 while actual or prevailing wage rates grew by 15.7 per cent.

The second method of calculating wage drift shows more significant results but the Department of Statistics has only recorded enough observations of the prevailing wage rates to make comparisons for one year.

It is too early to tell whether the extent of wage drift is extraordinary.

What can be said is that during the past year there have been fluctuations in wage drift, with a small but definite trend for the prevailing rates to increase more quickly than the legally required rates.

And there is enough information at hand to show that award rates do not tell the whole story in measoring trends in wage rates against the cost of living.

Annual wage increaaas at quarterly intervala
(Indax lor Quarler Over Index lor sama quarter year before)

Yaar	Nominat weekly wege reles	Prevalling weekly wage relea
Dacamber 1978	12.6	13.6
March 1979	18.4	16.5
Jona 1979	16.6	16.7
Seplambar 1979	10.0	11.1
Dacamber 1979	16.9	18.8
March 1980	16.0	16.4

When the prevailing weekly wage rates index is adjusted for changes in the consumers price index, the data shows that there has been no change in the effective purchasing power of actual wages during March year 1980. Nominel wages have fallen slightly behind increases in consumer prices.

Readers may wonder at a calculation that shows the prevailing wage rate increasing neck and neck with prices, since the table shows that rate of increase in March 1980 was 16.4 per cent and the increase in consumer prices was 18.4 per cent. Another way of calculating tho change is to average it over a year. This way actoal wages and prices are calculated to increase at about the same rate in March year 1980.

With the annual wage round in process the department's new wage-rate index provides food for thought. But as the series is brand new, it most at first be osed cautiously.

While the department has gone into sume detail in developing its new prevailing wage index, there are some major details lacking.

The effective prevailing wage index takes account of changes in consumer prices. But it does not take into account changes in income tax rates.

The series is an average of all wages paid within an industry group or occupation. It provides no information about the distribution of wages to earners within these groups.

Many salaries, including those of self-employed earners are excluded from the index.

The index show that actual wages were neck and neck with prices during March year 1980, "on average." But the data do not show whether the earnings of those on below average incomes kept up with increases in the cost of living last year.

Published information suggests that those in the higher income brackets have received salary increases substantially above rises in the cost of living. These increases could be pulling the average up.

Families hold high priority in Budget document

DISAPPOINTING as the Budget was, there were some social welfare measures which showed a spark of ingenuity.

The Government continues to attach a high priority to the special needs of families.

A Treasury review of family assistance showed that there are a significant number of low income families not able to qualify for the single income family rebate. These are two-income families whose combined earnings are in the lower income brackets.

To provide assistance, the Government introduced a budget measure to replace the single income family rebate with a new low income family rebate. This rebate is worth up to $9 a week and will be paid from April 1 this year.

The low income family rebate is available to the principal income earner in families with an aggregate income below $8200 a year (about $157 a week) reducing by 12c for every dollar of family income above this level up to $12,100.

The low income family rebate has the advantage that it does not actively discriminate against either parent working.

After October 1 this year, eligible taxpayers may take home this new rebate in their pay packets by completing a tax code declaration showing that they are solo parents or have a spouse with an income of less than $10 a week.

Administration of the low income rebate could echo the headaches created by the domestic purposes benefit.

When must a spouse's income be less than $10 a week? The week when the so-called principal income earner goes to sign the tax declaration code? Or must it be $10 on average throughout the year? Or must the spouse have earned $10 or less a week for some set period before the code is signed?

And exactly how is a spouse defined? If the parents of a young child are separated or divorced and each earn less than $8200 a year, do each qualify as the principal income earner?

In the case of *de facto* relationships, which parent is considered to be the principal earner?

To save itself some headaches (and cut back on administrative costs) the Government has changed the provisions for filing tax returns.

Persons whose only income is from salary, wages, pensions or national superannuation and is below $11,500, will not be required to furnish annual tax returns to Inland Revenue from this year.

The Government can turn a blind eye to some of the petty complications involved in administering the low income family rebate, since it does not see the tax returns.

This is to the Government's credit. It does away with the punitive aspects of enforcing the tax law on those who already have average or below average incomes.

But low income earners must be cautious about their choice of whether or not to file tax returns. It is usual for more to be deducted for PAYE each year than is actually owed in tax. Instead of taxpayers owing the Government, the Government may owe them.

O'Brien on business

T and I granted an extra $23m for businessmen

PETER V O'BRIEN comments on the financial and business week, appraises the share market and analyses company accounts.

BUSINESSMEN are expected to receive an additional $23 million from the State in the 1980-81 financial year.

That is the amount included in the estimates of the vote for Trade and Industry as "new items" under the heading "grants, contributions, subsidies and other transfer payments."

The total amount to be voted under that heading is $11,564,000 this year, compared with an estimate of $23,760,000 last year and actual expenditure of $19,198,000.

The "new items" are: 25 per cent electricity concession for South Island industry, $10 million; electricity cost relief for qualifying exporters, $6 million; export programme grants scheme, $4 million; textile industry adjustment assistance, $500,000; woollen fabric bounty, $2.5 million.

There is also a provision of $100,000 for tanning industry assistance in Trade and Industry's estimates.

The export programme grants scheme was announced in the 1979 Budget. It replaces the "new markets development grants and services exports development grants".

Announcing the scheme last year, Finance Minister Rob Muldoon said it had been formulated with the specific aim of encouraging thorough and co-ordinated research into the marketing abroad of New Zealand goods and services, including tourism.

The grant is to be paid at 64 per cent of budgeted qualifying expenditure with the remaining expenditure being ordinarily deductible for income tax.

The total level of assistance is "just over 80 cents in the dollar".

The total vote for Trade and Industry rises from 1979-80's $34.1 million (of which $28.5 million was expended) to $53,365,000, so the new items account for most of the increase.

The annual estimates accompanying the budget have much interesting information buried in them, although the disclosure of general data in this country is extraordinarily limited, when compared with Australia and other economies.

That is unlikely to change, given the desire of successive Governments to keep relevant economic information hidden from the public gaze.

The rising cost of Government expenditure can be gauged from the votes for specific departments and statutory bodies, which are excluded from the range of social services, including health, social welfare, and education.

Muldoon's famed Prime Minister's Department receives a 23.1 per cent lift in its vote, compared with the $1,141,000 expended last year, although it now has one fewer staff member.

The amount allocated for staff salaries goes up 21 per cent.

Publicity has already been given to the SIS vote, which jumps from an expended amount of $2,215,000 to $3,250,000, an increase of 46.7 per cent. As usual, the entry in the estimates is a one-line affair, listed as "personnel, administrative and operating expenditure." We will never find out the details of that vote, but the citizens will wonder whether we are going to receive 46 per cent more "security" as a result of the expenditure.

The Treasury vote has provision for the affairs of the New Zealand Planning Council and the Commission for the Future. The future appears to have less cost pressure than the present, because the commission vote rises from $213,719 to $261,000, a movement of 22.1 per cent.

Sir Frank Holmes' baby, on the other hand, is voted $622,000. In 1979-80 the Planning Council spent $464,621, so the paper deluge is going to cost 33.7 per cent more. What are they *doing* with this money?

The Commerce Commission, whose function can at least be assessed in practical terms, is included in Trade and Industry's vote. That august body's activities this year have ranged from whether the price of bananas should be controlled to investigation of corporate naughtiness in the Fletcher/Carter Holt affair.

In 1979-80 the commission cost us $311,000. This year the price of eternal vigilance goes up 31.5 per cent to $409,000.

In most of these cases the increases relate mainly to provision for higher salaries, following the adjustment made to the public service pay scales earlier in the year, and possibly to other rises in the pipeline.

Even members of councils, commissions, and departments have mouths to feed (some have numerous mouths to feed), so we private sector taxpayers can console ourselves with the thought that the fiscal extraction process, as it affects us, is a form of compulsory charity.

The cost of running the state for the current year is up $1,134.3 million (the deficit before borrowing is $1260 million), or 14.9 per cent in net terms, after allowance for departmental receipts.

This will be financed, before borrowing, by an increase of 18.8 per cent in total taxation, comprising a rise of 20.9 per cent in income tax and a 13.1 per cent lift in indirect tax.

The movement in indirect taxes is below the expected inflation rate, while the income tax figure is above the rate. Yet we are supposed to be shifting towards indirect taxes as a means of financing Government expenditure.

Muldoon said after the Budget that the tax base has been broadened, and that is correct if one is heavily involved in washing the body or the bath.

As long as the bulk of Government expenditure, after welfare payments, is spent on staff salaries, and the wage spiral accelerates, there is little chance of a slowdown in state funding.

At last — BNZ Finance's two for five share issue

THE sharemarket turned around last week after the Budget, when prices eased for several days and falls exceeded rises.

July is a quiet period in terms of company announcements, because it falls between the preliminary results of March-balancing companies, and the dates of their annual meetings.

June-balancing companies are still putting the figures together, and it will be well into August, at least, before we hear from them.

The BNZ Finance meeting was held last week, and the company finally came up with its expected (by me) cash issue. I wish these fellows would do things at the time we observers say they will, rather than six weeks or more down the track. It is dispiriting to hand out advice, then see delays before it is taken!

The company's issue is two for five at a premium of 40c, making total application money of $1.40. The right price, based on the pre-announcement level of $2.35, is about 60c, after allowance for a dividend difference, because the new shares will not qualify for the interim payment in respect of the six months to September 30.

New shareholders therefore can theoretically enter the company at a dividend yield of 8 per cent, since the directors expect to maintain the 16c payout on high capital. There is a reasonable tax-free element in BNZ Finance's dividend, so the effective yield is considerably higher, depending on one's marginal tax rate.

Existing shareholders, who pay $1.40, will have a yield of 11.42 per cent on their increased investment, again before the tax-free portion of the dividend. That is a good return, which also contains a "bonus" element, because the theoretical ex rights price is $2.07, and it can be expected to rise again when the issue is out of the way.

It would be unusual for the market to allow the new dividend yield of 8 per cent to be maintained for long.

The issue will raise the capital by 1,289,220 shares of $1 each to $4,511,720, give or take a few shares on rounding. The share premium account will benefit by another $515,688, and move past $1 million.

This sum will be available for additional tax-free dividends, which the private shareholders will welcome.

The Bank of New Zealand's 40 per cent shareholding is immaterial in respect of such payments, since dividends received are always tax-free in its hands, on the principle that while we have to put up with double taxation, triple tax goes further than even the most rapacious tax gatherer is prepared to reach.

The company may prefer to keep paying tax-free dividends, but a bonus issue from the share premium account cannot be ruled out in the next 12 to 18 months, depending on the level of profitability in the current term.

A one-for-eight bonus issue, for example, would take up 563,965 shares on the basis of the new capital, and still leave about 500,000 in the share premium account available for tax-free distribution.

The rest of the market did little worth noting up to last Wednesday, although fixed interest securities in the financial sector came back again as institutions adjusted their interest rates.

There is a gap between "finance" securities (finance companies, the DFC and so on) and industrial debentures. The latter's long term rate is currently stabilised around the 15.5 per cent level, but that may change when new issues are announced.

Unless the inflation rate drops dramatically in the near future a decline of much more than one per cent in the long term rate in the coming months for industrial debentures would be considerable.

The June quarter CPI increase was awaited when *NBR* went to press, but it seems likely to be approximately, in the 17 per cent annual rate range, compared with 18.4 per cent in the year to March.

Later in the year there will be some upward pressure, particularly when postal charges and other costs flow into the CPI. The postal rate increases from October 1, which conveniently puts that influence into the December, rather than the September, quarter.

Is it just coincidence that the General Wage Order of 4 per cent is to take effect from August 1, and "is in line with estimated price rises over the June quarter" according to the budget?

The wage order takes effect about two weeks after announcement of the June CPI figures, and four per cent for one quarter comes out at an annual inflation rate of 16 per cent.

The sharemarket shows a paradox at present, with some decline in interest rates and a parallel (although possibly shortlived) reduction in share prices.

The drop in prices increases the yields at a time when the return from other securities is also falling.

Traditional market theory says the reverse should be the case, with prices rising as the return from fixed interest investment drops, so that dividend yields come down in sympathy with the interest rate.

That theory worked in the past, but today the wide range of tax-free dividends complicates analysis, so that the close relationship is weakening.

Note: The writer neither owns, nor has a beneficial interest in, BNZ Finance shares.

O'Brien on business

Analysing annual accounts: Alex Harvey Industries

THE Alex Harvey Industries' annual report is slowly improving to the level expected of a company with $290 million in sales and total assets worth $226 million.

The company is moving toward the concept of divisional accounting (where financial information is provided for widely diversified product groups) but still has more to do in that area.

A "consolidated sales analysis" at the back of the report breaks sales into percentage figures for eight broad groups. That is all the company provides on divisional finances, but with our electronic wizardry we produced the figures in the table.

The table shows the company increased sales mainly in exports and packaging products. The two categories accounted for $40 million of the total $47 million improvement.

The company refers to an average 15.6 per cent increase in inflation between 1979 and 1980, so the $47 million includes a sizeable lift in prices as opposed to a volume increase.

The group gives no indication of the movement between prices and volumes, nor is there any information on the relative profitability of the divisions, a matter which could be overcome if profit and investment per division were listed in the report.

AHI is also cagey on its tax position. The accounts have a note on tax, which sets out a net current tax provision of $2,748,000 refundable to the group, comprising tax payable of $299,000 less a refund of $3,047,000. The net amount refundable in 1979 was $395,000.

The note said: "Taxation refundable relates to losses for taxation purposes by certain companies within the group. These tax losses arise mainly from export sales incentive deductions and refunds for such losses are available."

How are the figures compiled? There are several export tax incentives available to companies. Will they arise in similar proportions this year? What is the relationship of each incentive to the $3,047,000 claimed in 1980 and the $1,205,000 in 1979?

The tax question is important, because AHI's net profit of $16.5 million before extraordinary items in 1980 compares with $13.9 million in the previous year.

Examination of pre-tax profit shows the reverse position, with 1979's figure of $17.5 million dropping to $16.6 million in 1980.

In the absence of detailed information on tax rebates and incentives, the pre-tax profit is a better assessment of a company' performance these days.

Recessionary forces are affecting the main industrial economies in the present year, and could influence New Zealand's income from manufactured exports.

The result for the year gave the group a respectable cash flow total assets relationship of about 10 per cent, slightly below the previous year, but still a reasonable return for an industrial organisation operating in some difficult markets.

Catagory	1980 $M	1980 %	1979 $M	1979 %
Exports	45.8	15.8	31.7	13.0
International	13.4	4.6	9.2	3.8
Packaging Products	134.5	46.3	108.7	44.6
Consumer Products	18.9	5.8	16.8	6.9
Building Products	56.1	19.3	55.3	22.7
Agric Products	5.8	2.0	4.1	1.7
Industrial Products	15.7	5.4	13 4	5 5
Other	2.3	0.8	4.4	1.8
Total	290 5	100 0	243.6	100.0

Adjusted asset figures would give a "true" total assets value, but the percentage figures quoted are sufficient for a general assessment of the company's financial strength.

A statement of inflation adjusted accounts would be useful, but the directors decided against following the Society of Accountants' guidelines:

"As there are still many areas of doubt concerning the determination of current cost and other related matters, the directors are of the opinion that the inclusion of a supplementary statement would not assist a proper understanding by shareholders of the accounts for the year under review."

The directors are entitled to their opinion. In view of a sale value increase around 19 per cent compared with the group's assessment of average inflation of 15.6 per cent; a stock position which is 27.7 per cent of total assets compared with 27 per cent in 1979; and the changed tax liabilities (refund), an indication of the effects of inflation may make the accounts more "understandable" to shareholders.

O'Brien on business

US problems follow weakening world position

POLITICIANS must be the same around the world when it comes to comparisons between what they say and what they do.

Noted American economist Al Wojnilower passed through New Zealand last week and talked to *NBR* about the United States economy, policies, and possible changes after the presidential election.

(Wojnilower is managing director of the Wall Street investment banking firm, First Boston Corporation, a company with $4891 million worth of assets at December 31 1979 and net profit of $17.2 million.

He is considered 'a' top economic forecaster on Wall Street, with an uncanny knack for picking interest rate changes. He has held several major jobs in the United States' banking and finance industry, and written many essays and articles on economics and finance. Wojnilower was on his way to Macquarie University in Sydney as guest speaker at a conference on interest rates).

We asked him whether economic policy would be radically changed if yesterday's movie star and former California governor, Ronald Reagan beat Jimmy Carter.

"When Reagan was in California things were done highly differently than the rhetoric and the speeches," Wojnilower said.

Reagan is now operating from Washington in the run-down to November, where a team of economists who assisted Gerald Ford are helping to formulate economic policy. They include Simon, Greenspan, and Shultz, who Wojnilower described as in the centre among United States policy economists.

Reagan also has other economists assisting him. Wojnilower said "one set wants to balance the budget … The other set is not concerned with balancing the budget. One set could win the campaign and another win the policy," he added.

On the election outcome Wojnilower (who confessed to being a registered Democrat, "whatever that means these days") said it mattered little who was elected because the United States is constrained by economic forces beyond the control of politicians.

That was a familiar tune to New Zealand ears.

Wojnilower had interesting views on interest rates in the United States, which, in the broad sense, are relevant to this country, after allowance for considerable structural differences between our economy and both the American national economy and its several regional economies. (Many American states have a local economy which would bury New Zealand).

His views also relate to the discussion of interest rate policy in NBR of July 7.

In March the United States "prime" rate hit 20 per cent when the administration "prodded" the monetary authorities into a tough credit stance. Last week the prime rate stood at 11.5 per cent, following the banks' steady reduction.

"When the prime is on the way up, there is a feeling that some political approbrium exists to raising rates," Wojnilower said. He described the process as an "inverted formula", whereby rising rates had a built-in constraint against further rises.

But about half of all United States business loans are done on a "floating rate" basis, and the charges vary according to a formula based on the prime rate. (New Zealand has some "floating rate" loans, and the present system of alterations to overdraft rates at irregular intervals is also an unsophisticated "floating" concept).

There is more hesitation among the business community in borrowing funds when American rates fall, because they know that a lower prime rate means eventually a lower floating rate.

"The difference becomes big on the 'bottom line'", Wojnilower commented. There is another built-in restraint on interest rates. Large companies are able to obtain rates below the prime rate on substantial loans, even when the banks' prime rate is going up.

The commercial paper market is powerful competition against the bank rate, because that market always offers a rate lower than the banks for large corporations.

Wojnilower admitted that small firms take a longer time to benefit from lower interest rates, but suggested that was another example of the mice being trampled on.

Wojnilower forecasts an upturn in the United States economy in the last quarter of calendar 1979. He says long-term interest rates are rising in anticipation of the improvement, which will probably bring a lift in money supply, inflation, and the other problems that New Zealanders know so well when one indicator impinges on another.

But he sees the problems as a natural outcome of the United States' weakening world position. The country is now "more equal" with other nations, and therefore is experiencing the problems that the rest of the world became accustomed to in recent years.

A final word for local policymakers to note:

"In three years the administration overstimulated the economy. When inflation was at 20 per cent (based on annual projections) the administration took a strong anti-inflationary approach. The recession we are now having (except for its timing) was inevitable. There is an expansion in Federal Government spending, so the period of contraction is no more than six months."

Industrial relations

Job dissatisfaction comes into focus

by Colin James

COMPANIES should be concerned not just about eliminating job dissatisfaction but improving job satisfaction, according to Ken Fink-Jensen, Wellington director of the Heylen Research Centre.

Fink-Jensen says rising labour costs, higher education, higher proportions of women in the workforce and stronger bargaining power are forcing companies to look more closely at the needs and aspirations of their employees.

The centre is now offering to conduct work studies aimed at identifying changes that could improve employee morale.

This move follows a work study of a company which found a high level of dissatisfaction.

Fink-Jensen argues that to get the best out of employees a company must first understand their needs and then create the environment and incentives that will allow them to maximise their satisfaction of those needs.

He says that job dissatisfaction is caused by such factors as poor company policy and administration, supervision, pay, relations between staff and working conditions.

Tackling these issues may eliminate job dissatisfaction, but may not get the best out of employees, who may still not have positive job satisfaction.

It is such factors as achievement, recognition, the nature of the work, responsibility and advancement that determine whether an employee gets satisfaction.

Fink-Jensen's approach is to profile the staff, their behaviour and attitudes and examine working conditions and the characteristics of the work itself.

This enables the identification of problems in the workplace as a whole or among employees doing a specific job and, by using a segmentation analysis to identify types of employees with special problems.

Thus, in one work study, Heylen found that two groups — experienced, successful older men, who had "arrived" and young women doing lower-order jobs — were more likely to be contented in their work.

But there were five other groups — including a small segment who had no interest in that or any job except as a means of making money and another segment of younger motivated men and women who were looking for a sense of achievement and the other "satisfaction" factors — who were to some extent dissatisfied.

Stock Exchange weekly review

FOR WEEK FRIDAY JULY 4 TO THURSDAY JULY 10

	Last sale	Week's high	Week's low	Turnover
AIRWOAK,IOC	111	...	...	0
7.5% PR	...	...	...	0
6% PR	...	...	...	0
AJAX G.K.N.	285	285	285	900
A.J.WHITE	160	...	...	0
11.5% CONV PD	...	...	...	0
ALCAN,50C	161	167	165	7200
A.H.I.	217	225	217	42000
ALLIANCE,50C	50	57	50	17500
12% CONV PR	75	75	41	3700
ALLPLEX	110	120	116	46600
ALLIED FARMERS	280	772	750	9200
12% CONV PR	270	270	210	100
ALLOY STEEL	200	200	200	400
A.H.FIILEY, 50E	195	155	195	1500
AMPOL PTL.,50C	183	183	183	4100
A.BEAVEN	108	106	108	6500
11% CONV NTS	95	95	95	1800
11.5% CONV PP	94	...	...	0
ANDTS GROUP	110	110	110	200
5-6.5% PR	90	...	...	0
12% CONV PD	90	90	90	1000
ANZ BANKING GROUP	211	219	217	51500
A.WRIGHT	550	...	...	0
"A" 6-7.5% PR	...	...	...	0
"B" 5-6% PR	...	...	...	0
A.BIRNETT	185	185	181	100
A.ELLIS	60	60	51	5700
ARTHUR YATES	512	351	317	6900
12% CONV PP	155	155	125	2100
ASHBY BIRGH	225	...	...	0
A.B.CABLES	198	198	192	200
ATLAS, 50C	59	59	37	12100
10% CONV PD	30	30	30	4000
AUCK.GAS	510	315	510	11950
AURORA,50C	112	141	112	10900
10% CONV PD	...	...	...	0
14% CONV N15	100	100	100	600
A.C.I.	198	...	...	0
AUTOCRAT HOLDS	115	175	175	100
BAILLIE,50C	65	65	64	1200
BALLINI,50C	71	75	71	17600
11% CONV PR	63	55	65	4500
BANK NEW	373	...	...	0
BETCH PETS.,50C	223	225	221	200
BING HARDIS, 50C	72	72	72	2300
B.N.I. ITRANCT	235	255	730	2400
BRIMPLES BURNETT,50C	68	...	...	0
BRIDGIVALE,50C	55	...	...	0
BDIZRLEY, 50C	300	307	295	43000
12.5% SPEC PR	...	...	...	0
BOZ, 50C	58	18	18	200
B.H.P., 200C	1910	1920	1910	7160
BROTHERS, 50C	70	10	70	100
BUNTING,50C	70	70	70	600
BURKES CTT.,50C	152	...	...	0
C.P.D.	190	191	190	1800
7-9% "A" PR	...	...	...	0
5% "B" PR	...	...	...	0
10% CONV PR	170	170	110	14700
C.7.C.A.	217	211	217	3500
11% CONV PD	110	...	...	0
C.F.N.	200	130	200	10900
12% CONV PR	110	140	110	2900
CANT.FLOUR	220	...	...	0
CANT.TIMBER	513	320	315	15700
12% CONV DEB	275	...	...	0
CAPITAL RADIO,50C	381	525	381	900
CAPITAL LIFE,50C	75	15	75	500
CARBONIC ICE	210	270	270	750
CARTER HOLT	425	455	421	1550
CEPANCO	220	220	217	14500
12% CONV PR	103	105	100	400
CHALLENGE	245	250	210	12P200
CNENERT	155	156	155	1600
CH'CH.GAS	160	160	150	1800
CH'CH PRESS	272	272	212	1100
CITY REALTIES,10C	35	35	54	31500
CLYDE ENG.	90	...	...	0
12% CONV PR	90	90	90	500
COLLINGWOOD,50C	70	40	40	700
13% CONV PR	38	36	36	500
COL.MOTOR	167	187	181	1200
COLYER WATSON	98	130	98	2400
CORALCO,50C	640	640	640	900
COPMANO	145	145	145	3100
COP.BANK TUST	320	...	...	0
COR.METAL,50C	170	170	170	1200
COR.SILVER,5C	10	12	9	62700
COOKS WINE	166	158	155	14100
CORV-VRIER7	112	115	112	41700
12% CONV PP	75	...	...	0
CROWN CONSOLIDATED	192	195	192	2500
11% CONV PR	150	180	180	200
C.N.Z	975	975	975	50
CYCLONE,50C	190	192	190	5100
DALGETY(N.Z)	220	222	220	11200
DALHOFF & KING,50C	56	58	55	2900
DEANES	155	155	155	1000
D.I.C	150	150	150	10630
12% CONV PD	123	...	...	0
DINGWALL & PAULGEN	180	180	150	2500
G.MCL WALLACE,50C	117	120	116	10100
12% CONV NTS 'TV	...	...	...	0
11% NTS '82	120	120	120	400
8% CONV NTS	95	25	95	1200
D.T.S.A	68	...	...	0
66M.'PZW.,30C	47	27	46	14000
11% CONV PR	78	90	48	7100
DONAGHY'S	320	325	320	4000
12% CONV PR	375	375	525	200
D.R.E.,30C	95	...	...	0
DUNLOP (NZ)	175	175	175	1200
4.5% PP	45	45	75	800
*EPITT	110	110	110	1000
EFOS,50C	95	55	95	1300
E L'TTIN,5-C	170	...	...	0
EMPEROR MINES,10C	310	510	310	1500
ENDEAVOUR	142	142	140	5300
F.ADAMS	180	...	...	0
F.T.C.,30C	102	105	102	59900
11% CONV PD	77	78	77	7200
F.WAIRAK,50C	66	...	...	0
FELTEX,50C	115	115	115	56400
5% PP	...	...	...	0
FIRESTONE NZ	113	114	113	3700
FISHER & PAYKEL	210	215	210	25900
FLETCHER	320	525	320	47100
15% CONV PR	104	135	104	1400
FOUNTAIN CORP	125	150	125	75300
FREIGHTWAYS, 30C	131	155	131	5700
20% CONV PR	80	80	80	700
GEAD	66	68	65	3200
12.5% CONV PR	80	...	...	0
GEN.FINANCE	200	...	...	0
G.COURT	120	120	120	300
H.J.COLES,50C	207	...	...	0
GOLDEN BAY,50C	30	51	50	88000
GOODMAN GROUP	245	250	245	16400
14% CONV PR	186	...	...	0
GROSVENOR PROPS, 25C	50	...	...	0
HALLENSTEIN	240	...	...	0
HABLET	165	...	...	0
HAURAKI ENTERPRISES,25C	220	220	220	2500
HAWKINS,50C	48	55	48	18200
6.5% PR	...	...	...	0

	Last sale	Week's high	Week's low	Turnover
N.B. ITRREPS	200	202	200	2200
13% CONV PR	150	...	...	0
HEALING	262	205	262	4000
10% DEB	...	...	...	0
12% CONV PD	2100	205	200	1200
H.POLLARD	100	115	100	504100
10% CONV PR	210	...	...	0
HENRY BERRY,51C	155	150	155	1600
10% GEPI	235	...	...	0
HOOKER,50C	75	...	...	0
HUME INDUSTRIES	114	...	...	0
5-7.5% PI PP	45	...	...	0
10% CONV DEPS	117	...	...	0
I.C.I.(AUS)	155	...	...	0
I.C.I.(NZ)	200	200	200	7100
IND BROADCASTING	140	145	140	1000
INDEPENDENT NEWS	167	161	167	8400
IND.CHEM,50C	195	195	195	300
INTEPIAIRTN N7,50C	...	...	...	0
I.W.HON,50C	210	210	210	17100
JAMES AVIATION	215	...	...	0
JAMES SMITH 50C	95	95	92	500
11% CONV PP	40	00	69	700
J.E. WATSON	260	260	260	2000
12% CONV PP	125	225	225	500
J.BURNS	175	175	162	5900
12% CONV PP	150	...	...	0
JOHN I6M6NO	100	...	...	0
J.METAILR 50C	50	50	50	100
12% CONV PP	40	70	40	400
J.MINIER INPI., 200C	...	...	...	0
5.25-6.25% PR	...	...	...	0
J.NATHAN	121	125	125	100
6.5% RP	121	121	125	200
11% CONV DEBS	125	...	...	0
J.NATIRTY	190	...	...	0
12.5% CONV PR	150	...	...	0
KEARNI-GATINT, 200C	210	...	...	0
L.W.RUOKIN,50C	105	105	100	81200
12% CONV PP	80	80	50	1500
LINES,50C	50	50	10	6100
L.D.NATHAN	186	111	148	0900
9.5% CONV DEBS	185	...	...	0
LEYLAND,50C	105	...	...	0
LION, 50C	90	90	90	19000
10% CONV PP	80	80	80	5201
12% CONV PP	17	72	72	4900
L.&M.OIL,50C	50	50	7A	6000
LVSTFEOID	425	125	425	5900
MAINZEAL CORP,50C	100	130	100	200
MAIR,50C	171	171	177	1300
11% CONV PR	150	...	...	0
MANUKTTU,50C	175	...	...	0
MANTHEL	170	170	170	700
MARAC	240	240	240	4100
MCALPINE,50C	79	80	79	1500
MCKECHNIE	191	...	...	0
MIDLAND	161	173	165	1900
11% CONV PP	120	...	...	0
MIN.RESOURCES,20C	63	62	58	149600
R.D'BRIEN,50C	80	58	15	75400
12% CONV PR	13	11	62	16800
MONTANA,10C	116	111	116	13900
M-R.I.M.	115	171	115	600
11% CONV NTS	110	140	110	100
MOSGIEL	7	7	2	59500
15% CONV PR	4	1	4	15500
P6104 N6LRI.,57C	152	156	111	5800
12.1% PR	...	...	...	0
MOTOR IRTD.,50C	59	60	57	16000
5-6% PR	46	...	...	0
11.5% CONV PR	50	10	50	1900
MIT CORPN,50C	110	115	110	17300
12% CONV PR	115	...	...	0
NT.CCOR	160	161	160	12600
N.I.M.HOLDS.,50C	585	...	...	0
NTI.INICE, 50C	215	217	215	11200
NATIONAL TRADING	...	...	...	0
8% PR	...	...	...	0
NAVLOE	100	...	...	0
5% PR	...	...	...	0
NEZL HOLDINGS, 50C	51	39	37	[illegible]
N.Z.CEMENT	100	130	100	12130
N.Z.F.C.,50C	86	89	86	8130
11% CONV PR	75	71	75	900
N.Z.FARM FERT.	160	161	160	5100
12% CONV PP	155	155	152	2700
11% CONV PP	152	132	152	100
N.Z.F.P.	510	541	570	92950
N.Z.I.G.	560	560	360	2200
5.5% PR	160	160	155	1230
N.Z.I.	290	197	290	21100
10% CONV PR	160	160	155	4060
N.Z.LTNG,50C	20	...	...	0
N.Z.LETINERS	67	64	60	7500
K.Z.MOTOR S661EI	100	...	...	0
N.Z.M.C	115	145	115	17600
N.Z.NEWS	204	217	207	12100
N.I.PZ1R6L,50C	105	105	105	1600
N.Z.REFINING	95	92	95	1200
N.Z.STEEL	190	230	190	9600
N.Z.UNITED	525	525	525	800
NZVEN INDUSTRIES	105	...	...	0
NUNTYA	120	...	...	0
OOLINS, 50C	50	81	79	55100
"A" 6% PR	20	20	20	1600
12.5% CONV PP	55	55	55	1300
"B" 15% CONV PR	67	62	62	6100
OPTICAL HOLDINGS, 50C	54	54	54	700
12% CONV PR	46	44	72	700
OTAGO RAISE & PACO	115	115	115	1900
RAVNOC HOLDINGS	105	105	105	3100
P.O.L.HOLDS,50C	120	120	120	4200
PERM.INVEST	75	...	...	0
PHILLIPPS & IMPRV,50C	115	117	115	20500
PHEZIIRE,50C	78	80	76	4000
PRINT & PACKAGING	178	180	178	18700
11.5% CONV PP	175	165	165	1200
PROGRESSIVE	180	190	473	7800
12% CONV PR	770	...	...	0
PROP.SECURITIES,50C	155	155	155	500
RNUO.BUILDING	100	...	...	0
OUTLL PORRIZ,50C	110	110	110	1900
12% CONV PR	75	75	75	200
RADIO AVON, 50C	164	164	164	400
RADIO OTAGO	155	155	155	3000
PEZINA	100	130	100	100
R & W HELLABY	165	165	165	6500
RE20 24ZNENS	250	250	250	3100
SEPCO(NZ),50C	96	98	96	4400
10% CONV DEBS	105	135	105	200
SEVARTEZ	260	...	...	0
RES CONSOL.	245	245	255	4300
RHEEM,50C	179	178	125	400
RECKITAN,50C	242	...	...	0
ROTHMANS,50C	117	117	117	10500
R.W.SAUNDERS	310	310	310	1000
SALMOND	190	190	190	500
SANZORD	290	290	290	1500
PR	...	...	...	0
12% CONV PR	240	...	...	0
12% "B" CONV PR	...	...	...	0
SCHOZELD	145	...	...	0
SCOTT,50C	62	62	62	700
12.5% CONV PR	45	50	48	1200
SALBT	200	...	...	0

	Last sale	Week's high	Week's low	Turnover
SHELLERUN,50C	295	500	295	50700
5-1.5% PD	55	55	35	1200
SMITH & BROWN MAPLE, 50C	190	...	...	0
SMITH BIOLAB,50C	175	180	175	2500
12% CONV PR	155	...	...	0
SMITHS C.N.	130	132	130	6100
SIN, BRITAIN	285	295	228	13500
STHN. CROSS HOTEL	115	115	115	2800
STHN CROSS MINN.,20C	20	20	20	8500
N.P.M.	208	239	207	27200
SPEDDING, 50C	55	55	55	4700
12% CONV PR	70	70	70	400
STEEL & TUBE, 50C	105	136	105	11000
EUCRLING	150	150	150	2700
TASMAN, 50C	342	542	340	15700
DEO PR	...	...	...	0
MTHI PR	...	...	...	0
TAYLORS	116	...	...	0
12% CONV PR	...	...	...	0
TELTHERM	187	188	187	600
12% CONV PR	140	110	140	100
T J EDMONDS	370	570	370	800
TOLLEY	100	130	100	11300
TOUR 1221	55	...	...	0
TRANS ASHBURTON, 50C	77	...	...	0
TNL GROUP, 50C	74	76	74	23200
10% CONV PR	61	61	60	4000
12% CONV PR	62	62	62	3000
TOTAL CHIN. CAN1.1	100	130	100	1000
15.5% CONV PP	100	...	...	0
TRANSVISION	180	585	550	4700
U.D.C.	147	...	...	0
U.E.B.,10C	120	125	119	91600
6.5-7.1% PR	...	...	...	0
12% CONV PR	109	115	108	10100
15% CONV PR	58	70	58	7900
UNITED STEEL SHIP	80	...	...	0
5.5% PR	82	22	22	200
UNITED BLDG	105	135	105	400
UNITED PUBLISHING,50C	185	185	125	200
VACTIEON,50C	65	65	65	11200
12% CONV PR	50	...	...	0
12.5% CONV PR	50	50	50	200
WAITAKI-NZR	173	174	170	32400
11.5% CONV PP	136	158	156	9600
12% DEBS	161	155	160	11400
WALKER & HALL	290	...	...	0
WATTIE,50C	113	113	112	49300
12.5% CONV PR	70	70	70	1490
WELGAS	461	465	461	3500
WILKINS & DAVIES	195	...	...	0
5.75-7.5% PR	50	...	...	0
W.JEFFERY	136	126	136	200
12% CONV PR	101	...	...	0
WILTON & HORTICS	217	257	255	2500
WILSON DISTILLERS	95	95	95	1400
WILSON NEILL	300	300	300	600
12% CONV PR	171	...	...	0
WINSTONE,50C	72	74	71	[illegible]
12% CONV PR	57	55	57	[illegible]
W'VINS INV PROPS, 20C	152	...	...	0
5.75% PR	12	72	72	1020
WOGNALD	790	290	290	800
5-1.3% PR	100	100	100	100
W.P.CARPENTER,50C	216	...	...	0
W.SUTHERLAND	131	137	137	4000

Community welfare

Telethon: how the money is being distributed

by Lindsey Dawson

THE International Year of the Child Telethon Trust has allocated well over $2 million of the $2,767,351 raised during last year's Telethon.

Following a policy of spreading its grants as widely as possible, the trust has made 800 gifts to organisations ranging from country playcentres to international relief agencies.

The trustees, 12 IYC officials from throughout New Zealand, plus a chairman and a nominee from TV2, faced the job of allocating $2.7 million to applicants who had requested a total of around $18 million.

"I'm quite sure that we're open to criticism," said one of the trustees and chairman of the theme committee on children and media, David Hurley, of Wellington.

"People are bound to find small anomalies and points that they'll object to as they go through the list of grants – but that's because we're human. We tried to do the job as honestly as we could," he said.

The trustees were guided by what they felt was "a desire by New Zealanders to see the money working practically in the community".

Those who gave did not want to see the money go to a largely administrative body setting itself up to run on interest indefinitely into the future, and the mood was against research projects, Hurley said.

"We've tried to make it work at a local level," he said. "Applications ranged from little groups we'd been working with for years to get some project under way and needing a few hundred dollars worth of 'excitement money' to make things happen, to big national organisntions. One asked for $1.5 million.

"We wanted to reward those many small groups who work so hard, and most of them got what they asked for."

Typical among these grants are $500 to the South Canterbury Toy Library Committee, $250 to the Nelson District Parents Centre to help buy parent education films, $500 to the Waiouru Pony Club for buying saddles, $500 to the Waiotapu Forest School Camp Trust, and $250 to Voluntary School Health Nurses, Whakatane, for buying equipment such as soap and toothbrushes for their education programme.

The trustees have tried to spread their grants throughout each New Zealand province under headings like health, child care, recreation, parental support, foster care and multicultural projects so that all sections of the community can benefit.

Among the biggest gifts are: $50,000 to the Plunket Society to expand family support units and establish a joint committee for childhood accident prevention; $35,000 each to the YMCA and YWCA to expand and extend youth services; $30,000 each to the Girl Guides and Scouts associations; $20,000 to the Children's Publications Foundation to assist with the publishing of quality children's books; and $20,000 to Youth for Christ to expand their work in schools and in the community.

Almost $230,000 has been gifted to organisations helping children overseas, such as UNICEF, World Vision, Save the Children Fund and the NZ Red Cross.

The organisers had decided before Telethon that up to 5 per cent of the money raised could go overseas.

Most of it will be used in the Pacific Islands, but Vietnamese refugee children will also benefit.

Rotary District 292 received $20,000 to provide classroom materials, physical education and homecraft materials for Cook Islands schools.

A $30,000 grant to Corso to help with rural community development in the South Pacific is one of the more potentially controversial gifts, in light of the Government's disapproval of the organisation. The grant was made before the Corso row erupted, and Hurley says "their project is a very good one."

$137,000 is going directly overseas, and $92,276 will be spent within New Zealand for goods to be sent out of the country.

Although most of the money has been earmarked, much of it is still not paid out because the trust is ensuring that those who made applications are still proceeding with their projects.

"We've sent out a lot of letters to make sure they still want the money and to establish who presidents and treasurers are so that we can get receipts," Hurley said.

"A fairly large number haven't yet replied, so some of the monies may be reallocated."

Cash still being held by the trust is invested in high interest-bearing deposits with the Bank of New Zealand.

"We're getting very good rates but are still keeping a flexible tag on it so that arrangements are finalised we can release the funds," Hurley said.

While the International Year of the Child is officially over, its ideals will be kept alive by a new Committee for Children which is being set up as a charitable organisation under the Incorporated Societies Act. It will have 12 council members representing different areas of interest.

Telethon funds have been tagged for its future work, which is likely to include such promotions as "family togetherness" campaigns on television.

A list of the Telethon grants will be published in the *Listener* later this year.

"We felt that after earlier Telethons not much information was forthcoming about what happened to the money," Hurley said.

Overseas trade

Chilean challenge to our horticultural exports

by John Draper

CHILEAN produce is pipping New Zealand's growing horticultural exports to markets in Europe, North American and South-east Asia.

And in the next five years the competition from South America is certain to become stronger, holding down prices and lowering growers' profits.

Chile's agricultural exports are expanding rapidly. Between 1975 and 1979 fresh fruit exports – mainly apples, grapes and pears – tripled in dollar terms to more than $120 million.

Vegetable exports experienced even faster growth through the late 70s. Overall agricultural exports have risen 800 per cent since 1973.

Guillermo Lanecke, a director of Pro Chile – the Chilean equivalent of the Export Promotion Council – says the reason is that the Government policies before 1974 were aimed at producing cheap food for the domestic market.

Now with exchange controls lifted, there is incentive to export, he said.

Miami in the United States and Frankfurt in West Germany are the two largest markets for exports of fresh horticulture produce, both served by direct air services. Miami has a daily service.

Pro-Chile has no control over exporters, though through its publications and by meeting growers and exporters it does make recommendations.

Among those are suggestions that exporters look to developing new long-term markets such as the Middle East and West Africa.

Asparagus and avocados top the list of recommendations to growers as potential export-earners as well as berryfruit, blueberries, raspberries and strawberries, all in competition with New Zealand produce.

Climatically, Chile is an 'agriculturists' paradise, stretching from 19 to 56 degrees south with conditions close to ideal for any horticultural product that New Zealand might consider developing.

The varied climates are attracting Californian companies wanting to invest in Chile's agricultural export potential.

Turner and Growers Ltd's export director Don Turner said that investment made growing and packaging expertise available.

"With nectarines they have taken a large proportion of the North American market we were developing," he said.

"If Chile was not there we could be exporting $1 million worth of stone fruit a year, possibly much more. Instead we are probably exporting not much more than a quarter of that," he said.

Chilean nectarines, peaches and plums arrive in time to capture the lucrative Christmas market in North America, a market New Zealand fruit, because of later maturing times, cannot hope to reach.

But when New Zealand fruit did arrive, the Chileans used the advantage of cheaper sea freight rates to deliberately under-cut prices to hold on to their market share, Turner said.

New Zealand could no longer count on having a superior quality fruit, he said.

Grape production is increasing rapidly. Dessert grape exports are expected to rise 25 per cent this year from eight to 10 million crates. Wine exports, which trebled between 1978 and 1979, are also expected to increase.

But kiwifruit growers, worried about South American competition, can rest assured. The sole Chilean grower is understood to be a long way behind and is suffering from a lack of technical expertise.

Apple growers can expect to feel the winds of Chilean competition blowing stronger

Berry crop . . . competition will toughen

in the next few years. The Apple and Pear Marketing Board is expecting Chilean exports to increase by 250 per cent by 1987 while quality at least equals New Zealand's.

The first chill came in 1979, when the European Economic Community imposed voluntary restraints on apple imports. Chilean exporters ignored the quotas and went 7000 tonnes over.

This year, with free access to Europe, the Chileans have increased supplies from 49,000 to 60,000 tonnes – 10,000 tonnes more than New Zealand.

In the United States, Chile, New Zealand and South Africa are dividing the "Granny Smith" market equally, and in South-east Asia Chilean fruit is making a strong comeback after a disastrous foray a few seasons ago.

Varieties offered are similar, but Chile's fruit pips New Zealand's on to export markets by six weeks. In the United States, at least, that is a disadvantage because it competes with the last of locally stored fruit.

But in Europe, pro-Chile claims the Chilean exporters do get better prices by being first.

In previous season's, New Zealand's fruit has always been able to command a premium price for its higher quality.

But Apple and Pear Board marketing director Pat Turner recognises that the Chileans are fast improving grading and packaging to the point where there is little difference from New Zealand fruit.

"Chile is going to provide us with the greatest competition in the next few years," he said.

From a recent visit to the board's market in South-east Asia, Turner reported there was little to choose between the two countries' fruit, though the local traders for their own reasons were still giving New Zealand fruit a premium.

In Hong Kong, the board's red delicious was getting a $2 margin over the South American fruit which was selling for $13.50, while in Singapore New Zealand was getting $6.20 more a case.

The margin was not always justified, Turner said.

"The Chileans seem to be getting the longer shape to the red delicious which the Chinese prefer," he said.

"But the market believed that the Chilean apples did not have as good a keeping quality, a fault the South African apples also suffered."

The Chileans suffer partly from their diversified individual marketing organisations. New Zealand, South Africa, and to a lesser extent the Australians, market under one authority, enabling them to develop a marketing strategy to get the best return.

Trade and Industry team calls on car makers to justify their high levels of protection

by Rae Mazengarb

THE Trade and Industry document *A Profile of the New Zealand Motor Vehicle Industry* and its accompanying discussion paper, *Observations*, last week gained a degree of notoriety and threw trade unionists and local body leaders in affected regions into a flurry of concern.

But the status of both papers must be appreciated to put their contents into perspective.

The motor industry is one of many targets for the Government's restructuring policies.

And the relevant studies have been under way for long enough for the industry to have put forwnrd less extreme proposals to improve their efficiency thnn those contained in the department's docnment and study paper.

The Government will be considering them carefully in light of a particnlarly unflattering profile of the industry. But decisions which would have the effect of cutting out New Zealand companies and leaving the field to the multinationnls seem unlikely.

The department's study group has produced nothing more than a factual picture of the industry plus a brief discussion document aimed at eliciting response from the industry.

It is the discussion paper which has sparked the controversy, not merely because it concludes — on the basis of the preceeding data — that the industry is inefficient, but slso because it frankly states the study team's view that continuation of a motor vehicle industry, based on assembling vehicles from imported CKD packs, "is not in the national economic interest".

Governments are not in the habit of removing politics from the equation, despite observations on the treatment of the textile industry.

With that consideration in mind, the team posed its questions to the industry in the hope that some answers would be provided smartly.

These answers could provide the key to the industry's problems.

The team asked:

- Why is the assembly industry so highly uncompetitive *vis-a-vis* the importation of vehicles from Japan in CBU (completely built up) form?
- What justification is there in terms of the national interest to accord high levels of protection to both the assembly and automotive component manufacturing industries?
- What level of protection would the motor vehicle industry require to maintain a viable assembly industry and component manufacturing industry?
- What could the industry do to become more efficient?
- What Government assistance is required to enable the industry to achieve greater efficiency?

The fact that the questions are being asked indicates that the preliminary Trade and Industry findings are far from final recommendations to Government

The team is preparing a further report, based on the answers.

That report should be completed within weeks and a much larger document than has been circulating will provide further food for thought for the industry.

The team will then embark on a further round of consultations with companies and unions.

The recommendations that finally go forward to Government, sources predict, will be of a type "that everyone can live with".

Todd Motors operations and marketing manager Denford McDonald has already stared that the team's effort was purely a planning paper, designed to be provocative, and that he had doubts that it would have any relevance to the Government's final thinking.

But that suggestion may be cold comfort for the unions, still reeling in shock from disclosure of the discussion paper despite reported assurances from Trade and Industry Minister Lance Adams-Schneider that the high level of CKD imports would continue.

It has been widely agreed that if the Government did consider it appropriate for the industry to switch to CBU vehicles, there would be almost over-night closures of component manufacturers and vehicle assembly plants and massive unemployment.

The industry itself has been in a troubled state for some time.

In January 1978, Prime Minister Rob Muldoon was concerned at the industry's excess production capacity.

At that stage Cabinet had made a preliminary study of a survey it had asked for on the industry.

The *New Zealand Herald* at that time reported Muldoon as saying: "The position which is disclosed in the survey is really quite serious".

It was not so much a short-term problem, he said, but "a fundamental problem of the industry".

At that stage the industry had a capacity to assemble more than 100,000 motor cars in a year on a one-shift basis.

Muldoon said then: "The most it ever assembled was 72,300 in 1973. It has a break-even point of 67,000. Thnt is the point at which it makes neither a profit nor a loss."

In 1977 the industry had assembled 57,000 cars — 10,000 below the break-even point.

Days later, the *New Zealand Herald* again quoted Muldoon as saying that only one major motor assembler would be operating above the break-even point that year.

Jobs in the motor assembly industry were some of the must expensive to maintain from the balance-of-payments viewpoint, he was quoted as saying. Imports of unassembled vehicles cost about $28,000 for each member of the labour force of the major assemblers.

Adams-Schneider continued to warn the industry that things had changed since the boom years of 1973 and 1974, when in each years about 100,000 new cars were registered (though the number actually assembled here was considerably fewer).

New Zealand already has one of the highest ratios of cars to units of population in the Western industrialised world.

Adams-Schneider emphasised in May 1978 that because of the burden that the industry placed on the balance of payments, there were limits to the action that Government could take to further stimulate the demand for new cars.

In August last year Automotive Component Manufacturers Federation president Bob Sebelin warned that the body faced an uncertain foture. Factors of continuing concem were the uncertainty of unnual vehicle boild and model pruliferation.

The industry study's "snapshot" of the industry today should not have provided many surprises.

The study points out that over the last decade the assembly industry has become increasingly fragmented in terms of numbers of assembly plants.

In 1969 the 10 plants of nine assembly companies produced 64,000 passenger vehicles and employed 3700 people.

There are eight assemblers with 14 plants producing some 84,000 vehicles employing 7500 people.

In the last five years foor new assembly plants have been established, yet production and sales volumes of passenger vehicles in recent years hove not exceeded the 1970 sales level of 70,400.

Achievable plant capacity has been usually well below the single shift design capacity of the plant because of availability of labuur, absenteeism, disputes, downtime, plant breakdowns and so on, the profile says.

Clearly an annual production of around 79,500 units, given an achievable plant capacity of 110,000 on a single shift basis, shows a substantial sorplus capacity.

The report notes, however, that this feature is confined mainly to the larger units uf the industry and those New Zealand-owned national franchise-holders who have experienced a decline in market shares.

Becaose of high overheads this surplus capacity represents a significant cost in the assembly operation. The level of fixed costs is reflected in the high break-even levels of production.

For the size of local assembly plants there did not appear to be any significant economies of scale, the stody team observed.

But it pointed oot that in terms of the size of the market, by international standards, the local assembly industry produces a large number of models and model variants — 30 models and 100 variants — new models being introduced in an attempt to increase market shares in a static market.

The cost of this proliferation — though not quantifiable — could be substantial, the team says.

The assembly industry's demand for components for new models often necessitates frequent additional tooling-up costs for short productinn runs and creates supply difficulties for raw materials and lengthy down-time.

Model proliferation also meons considerable investment in parts inventories which may be held for a number of years.

Component manofacturers are almost completely dependent on the assembly industry for their viability the team observed. They would not survive at the current tariff rates if mandatory deletions were removed.

The componentry industry, however, with a book value of fixed assets of $70 million and employing 5200 people, is significant compared with the scale of most local manufacturing industries.

The team concluded that it was difficult to compare the costs nf locally-manofacturers with component parts deleted from the CKD packs since deletion allowanced made by overseas suppliers did not reflect the true costs of manufacture.

But hecause of the lack of internal competition, the excess capacity and complete protection provided through mandatory deletions, there was little pressure on the industry generally to become more cost effective and improve productivity, the officials observed.

It was highly unlikely that local assemblers could competitively export assembled vehicles, they said, because of low productivity, high import content, duplication of freight rates, tariff barriers and so on.

Componentry exports have proceeded primarily as a result of special intercompany arrangements between the New Zealand-based multinational assemblers and their Australian counterparts, hence the field has been the domain of the multinationals, Ford and GM, almost to the exclusion of the indigenous companies.

Unless using indigenous materials, the component manufacturer would find it difficult to compete against componentry produced in low wage countries, the team said.

(The import content in local componentry is 40 per cent and 10 per cent in overheads, excluding depreciation, the team reckoned).

The report concluded that New Zealand-manufactured componentry will increasingly lag behind technological developments in the industry.

"This may be at the cost to the New Zealand assembler . . . and the consumer, both in terms of additional expense and reduced fuel efficiency of vehicles."

Some industry observers predict that in the long term, we could see a rationalisatinn of tbe industry, and perhaps a gradual move away from assembly into componentry — based on indigenous resources — for export.

Some say the move could be highly compatible with Australia, falling within the brnad concept of economic co-operation discussed by the Prime Ministers in March. But the industry across the Tasman is suffering its own problems.

Moreover, it is more established, and some observers doubt if our indigenous companies could compete.

The development of an aluminium-based componentry manufacturing industry is one option. But a Government official remarked that this idea was "the in thing" to talk about rather than a viable future alternative.

Some point out that, if there are any opportunities to be exploited in the aluminium area, the multinationals would quickly snap them up.

Insurance

Consumer resistance goes up in smoke

CONSUMER resistance tc residential smoke detectors should melt a little now that one of the major New Zealand manufacturers has reduced its price.

Home Safety Devices NZ Ltd, which manufactures the fire and smoke detector "Smokeguard" is selling the device for $24.95; almost half slmost half the original price.

Why the big reduction? According to a director of the firm, the reduction has been offered because of improved sates, manufacturing economies, and more effective marketing.

The principal reason for the reduction is probably the decision to market directly. Home Safety Devices told *NBR* the company is offering the product direct, on a commission basis, to organisations with excellent access to the public, such as social clubs, service clubs and large companies. This approach, according to the company, will benefit the public all round.

The prime argument for installing smoke detectors in homes is the incidence of fires and deaths in home fires. A recent issue of the *US Consumer Product Safety Commission Memo* reports:

"The greatest property loss, the most injuries and the greatest number of deaths are associated with accidental house fires. For this reason, CPSC believes that continuing reviews of your fire safety practices at home are the best defense against a fire.

"For example, cigarettes account for 32 per cent of all deaths in fires of one and two-family homes. The National Fire Protection Association lists cigarettes as the cause in five of 18 major sources of fires in homes. In most fires, the association says cigarettes ignite upholstered furniture in living areas and bedding in sleeping quarters.

"Other major sourres of home fires include electrical wiring components, matches, lighters, candles, and cooking and heating equipment.

"Because they cause the greatest percentage of home fires and deaths, cigarettes continue to be the target of more fire prevention plans. Consumers should recognise that they are risking fire when smoking around household articles that can ignite. Aside from safer smoking habits, increased use of flame-resistant fabrics could also break the ignition chain. NFPA also points out that the ignition of wearing apparel is a major source of fires and injuriea in the home.

"Beyond fire prevention, prompt fire detection offers the greatest hope for saving lives. Statistics show that the majority of home fires occur between midnight and 8am, with many fires burning for upwards of 20 or 30 minutes before detected. NFPA points out that no matter how skilled at fire fighting a fire department may be, firemen cannot save many victims because they died before the fire was detected.

"For this reason, no home should be without one or more smoke detectors for early warning."

Insurance companies have been cautious in granting premium reductions for the installation of proven smoke detectors. The General Accident Group was the first major insurer to do so and other major insurers may follow suit depending on the experience.

Budget ignores the life offices

by John Sloan

NOTHING is in the Budget for life offices. Like many other industries their special interests have been ignored. And it was not for want of trying.

The Life Offices Association (LOA) made concerted efforts to impress on the Government the need to increase the taxatinn exemption for life insurance premiums. The LOA widely publicised its concern at the strict investment controls its members were forced to obey.

But the Government ignored (for the moment anyway) the Life Offices' views so they must keep plugging away.

The LOA's reaction to the Budget was prompt. The day after its presentation, LOA executive director Barry Bryant told *NBR* that while the Budget essentially was a "hold-the-line" document, Finance Minister Rob Muldoon had made strong reference to the need for massive investments over the next few years.

"The figure quoted is around $4000 million," Bryant said.

"It is a pity that in these circumstances the Government is obviously unable to give greater encouragement to savings and investment by institutions and the general public."

The LOA had endeavoured to have the tax exemption increased on life insurance and superannuation and to have certain investment directives removed to give the industry more freedom to invest in projects of benefit to New Zealand, Bryant said.

No action on invisibles

THE 1979 Budget expressed the Government's concern at the deficit in insurance "invisibles", and a committee was set up to examine the matter.

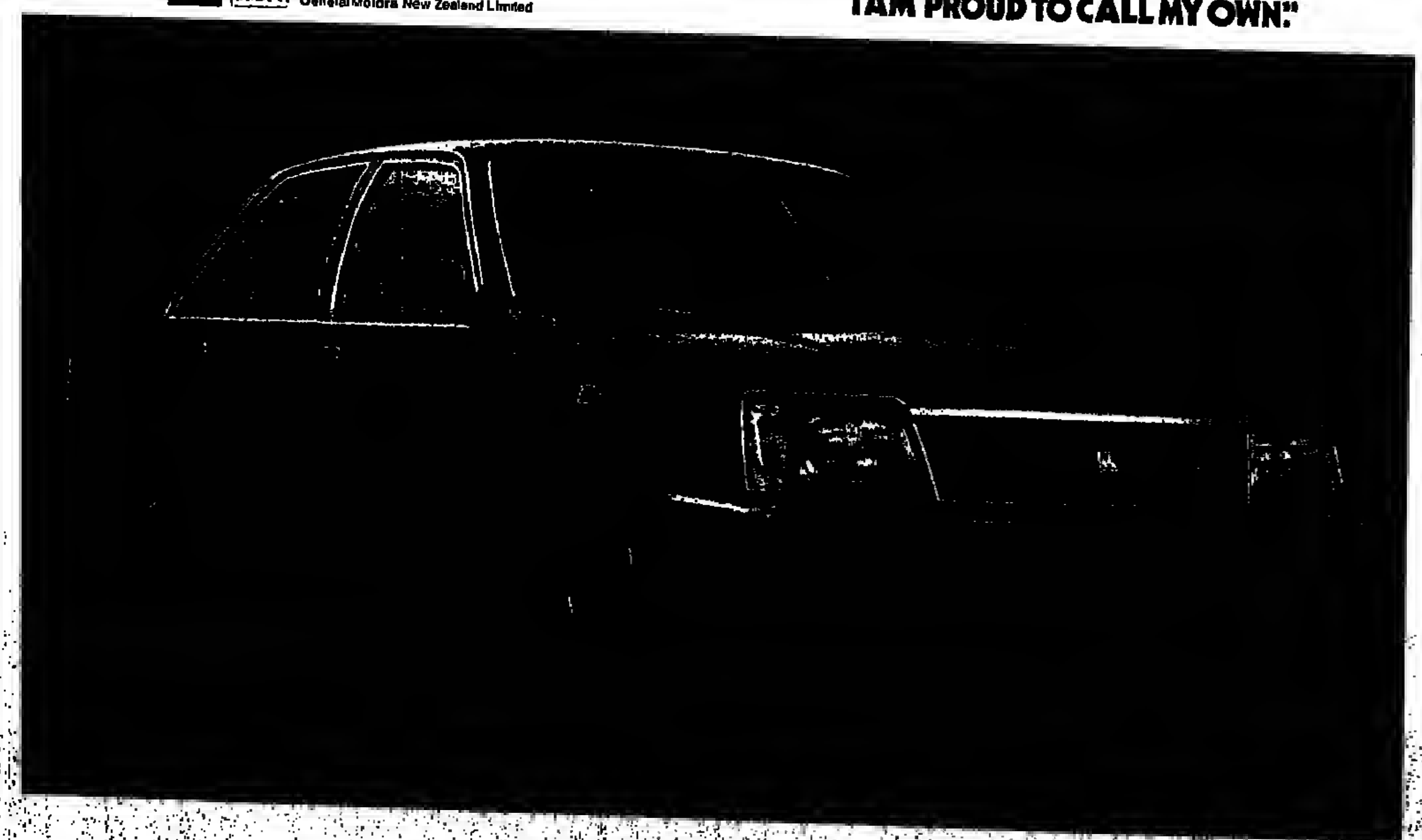
The recently retired general manager of the State Insurance Office, Neville Ainsworth, was seconded to help in the investigation.

The findings or intentions of the committee have never been publicly released. But an interesting conclusion was included in a paper Ainsworth presented at a news media seminar conducted by the insurance industry.

"Measures to reduce the unfavourable balance for insurance invisibles could include the appointment of an insurance commissioner, the establishment of a national reinsurance company and/or the requirement to invest a proportion of premiums locally. All require careful prior consideration and study," the paper said.

The 1980 Budget did not mention insurance "invisibles". It seems that the committee is still considering the matter.

But if Justice Minister Jim McLay's views, expressed at the recent meeting of the registered brokers association, are anything to go by, the Government feels that intelligent and effective self-regulation of the insurance industry is preferable to Government intervention.



Forestry

Japanese housing costs give hope to radiata pine

by Wayne Brittenden

Trada team . . . pushing pina to Japenesa limber oaars

High risa . . . price increased 30 per cent in 12 montha

SHORTLY after Forests Minister Venn Young returned from Japan, where he promoted New Zealand radista pine for construction, the Japanese Government's National Land Agency revealed startling city housing statistics.

According to the survey, housing land prices at January 1 this year had shot up by 12.3 per cent compared to the previous year. The survey, based on what the Government considers to be fair price levels, indicated that housing land in the large cities has risen 18.3 per cent. The real estate industry put the figure at closer to 30 per cent.

In Tokyo land averages $350 a square yard. In exclusive areas it can reach the $2000 mark. Vested interests are taking the public for a ride, despite a local governor's power to freeze land prices where speculation is widespread, and to scrutinise all proposed deals in designated areas before approving them.

But no governor has used this power which would provoke hostility among wealthy voters.

Land availability is a problem but idle sections can be found. The farmers and companies which own them are reluctant to sell because they expect the present rate of inflation to bring bigger returns later. The Government has been criticised for promoting home ownership through low interest loans, without making any convincing efforts to control the nation's sky-rocketing land prices.

In New Zealand land accounts for around a quarter of the cost of a property. In Tokyo the proportion spent on land is nearer two-thirds.

New Zealand's efforts to promote radiata pine as a strong timber that lasts have been received with indifference by most timber users. Most houses might be due for replacement after 15 years – which keeps the industry flourishing on its annual programme of 900,000 wood-based houses a year. What is good for the GNP is not necessarily good for the customer.

A New Zealand Forest Service official visiting Japan found that the timber used in house construction was not generally treated or painted, with little insulation between piles and little precaution against rot. The technical genius of the Japanese is not used for the benefit of the housing consumers.

The rapid turnover of "disposable" houses does offer an exciting potential market for timber exporters.

According to one New Zealand official, the main objection to radiata pine is price. But as price increases less rapidly than that of competing exported timbers, more of the New Zealand product – not yet officially approved for construction – is finding its way into housing. (Ten per cent of total exports of radiata pine were used two years ago compared with almost 20 per cent last year.)

As housing costs become more prohibitive in Tokyo, more Japanese turn to *condominiums* or "mansions", – multi-storey concrete blocks with steel entrance doors. A total 50-70 square metres in space, these average at about $90,000 – an increase of 30 per cent over the last 12 months.

Land developers responded quickly to the trend towards *condominiums*. By buying sizeable areas of land, they have increased the shortage, and the prevailing prices.

Many companies provide employees with reasonable rented dwellings, but those finding their own rented apartments and houses are hit with a hefty initial outlay. All transactions, even between friends, go through an agent who receives two months' key money. If the landlord – like most of them – is not a friend, the agent receives a further two months' non-refundable fee as "thank-you money". There are the usual deposits and rent in advance which makes the unsettled occupant think twice before shifting out after a few months.

One informed source said that land prices in Japan will soon, stabilise but with prices like the high rise accommodation they have helped bring about – the sky is the limit.

Weyne Brittenden is Radio New Zealand's Tokyo Correspondent.

Media

Grassroot support swells for FM implementation

A PINCER movement is developing inside the National Party. Properly co-ordinated, it could bring the country FM radio much earlier than anticipated by Prime Minister Rob Muldoon.

At party grassroots level there is a widening demand for implementation of the manifesto promise of 1978 to introduce FM.

In the parliamentary wing a determined (and growing) group of MPs is pressing the issue, seeking immediate introduction of FM.

Stirring and backing both groups are FM enthusiasts and entrenched radio interests, all eyeing a slice of the potential warrant action. Their goal of FM radio in New Zealand as quickly as possible may be laudable, but few see it as practical on a large scale.

The art of compromise could see enthusiasts granted the pioneering role for FM in New Zealand by a government sensitive in the extreme to the competing demands being placed on the country's overseas funds.

Two things have stimulated the debate on the development of FM.

First, the stereo revolution of the past five years which has put much FM technology in the hands of ordinary kiwis.

Second, the stimulus and demand for enterprise and choice created by the National Party itself.

Now that enterprise has created its first pirate stations. Eden MP Aussie Malcolm's pirate transmissions from the Beehive have been the most spectacular.

Nestling behind a curtain in a sixth floor ministerial conference room, Radio Beehive broadcast several hours of FM programme on 96.4 MHz.

Malcolm's first reaction when tracked duwn by a private radio reporter, tape recorder already recording, was surprise.

By the time of his discovery, he had demonstrated his simple transmitting rig to half his caucus colleagues. His intention: to show how cheaply FM could be introduced, to discredit the FM Committ report which called developments in FM tens of millions of dol

Radio Beehi removed, cost $1

"A bit of el modern ins you it's

Malcolm said of his taped programmes.

He was sure Broadcasting Minister Hugh Templeton "must respect and defend" the report of the FM committee, calling for massive nation-wide state-run FM channels.

"It's for me to prove him wrong and its for me to gain the support of others," Malcolm said.

He's by no means alone in his caucus. Pakuranga's Pat Hunt and Helensville's Dail Jones are leading members of the back-bench group lobbying for experimental FM stations at least in main centres.

"I see no reason why there should not be one or two pilot stations given an opportunity to develop FM in maybe one or two centres to let us have a look at it, at no cost to the taxpayer," Pat Hunt said.

Auaala Malcolm . . . ready to ralaa Issua.

Government issued an explicit instruction to the Broadcasting Tribunal.

caucus. By early April Auckland's Hauraki was circulating a five-page backgrounder to them, claiming it could "establish a professional, newly equipped FM station for an estimated $300,000".

It ended: "Should a country of only three million people be asked to pay more than at present for a broadcasting system?" and was signed by managing-director Derek Lowe.

Like Radio New Zealand, the privates have a vested interest in FM developing in "their way". But Lowe struck a chord among the Nats when he warned: "It is indefensible to expect the public, either by licence fee or Government grant, to provide financial resources. . ."

The Labour Party is firmly in favour of two or three

Templeton presented a proper case Muldoon and Cabinet would happily approve it.

The consensus emerging is that the best hope for FM will be in small local stations. As with Australia, New Zealand could see community access stations catering for the full "cultural" range of FM enthusiasts.

The access concept is one AM radio has not developed, despite the interest in such development openly displayed by Broadcasting Tribunal chairman Bruce Slane.

Access will please neither the private industry nor Radio New Zealand. But it's clear National could find it the easiest way of taking the first step towards arranging "the introduction and development of FM radio in New Zealand."

While state and private interests look to FM as the next big bonanza in radioland, Government backbenchers are more likely to favour a somewhat hesitant first step.

Aussie Malcolm has already decided to raise the FM issue at another Government caucus shortly. At that point, "the boss" may find his thumb alone is not enough to hold down the FM lid.

Profile

Hilton: arts groups need business treatment

by Ann Taylor

FOR a country of predominantly Anglo-Saxon stock, the impact of the relatively few central and eastern Europeans in initiating and exploiting the country's potential is considerable.

Arthur Hilton, now 70, emmigrated from Austria in 1939.

Godzone's parochial paranoia was even then in evidence — he and his late brother Otto were issued temporary permits.

As industrial chemists, they submitted a feasibility plan to the Government for the manufacture of lubricating greases — something nobody else was doing.

"We had to prove that it could be done and that we weren't just looking for an excuse to stay," he said.

After preliminary work at the Dominion Laboratory they set up the Chemicals Manufacturing Company Ltd. The company moved to Gracefield, Lower Hutt, as the business expanded to include sulphinating oils for the cosmetics and tanning industries, car care polishers, brake fluid, anti-freeze and other associated products.

It was one of the first companies to be declared an essential industry during World War II.

The company supplied all the grease required by the railways and "in six months we were lubricating NZ Railways," said Hilton.

Hilton started his career in Vienna with a French-Dutch oil company.

"Nothing is new," he says. "In Austria then you couldn't buy straight petrol. There was a surplus of cheap sugar beet which was used for the manufacture of alcohol and blended with petrol . . . I've talked about it in New Zealand for the last 40 years."

Chemicals Manufacturing Co is now part of BP New Zealand Ltd. Hilton retired as managing-director of the company in 1974 and from the board last year.

"When we started the company we did everything from cleaning the drums to negotiating business," he said.

"I moved more and more to the business side, and am now working from that experience with the Music Federation."

Hilton has been on the Music Federation of New Zealand's executive for 21 years; he has been vice president for 20 years, and president for 19.

He had always nurtured an

Arthur Hilton . . . nurtured an interest

interest in music. He learnt the violin and piano as a boy and was later a member of the claque at the Vienna State Opera.

"I love music, and playing — and being involved. I've been lucky that my business activities have allowed me to be my own boss so that I could spend time on other interests."

Hilton disagrees with the attitudes expressed in similar organisations: "You can't treat an arts organisation as different to any other business. It's not good enough to read in the paper that so and so is coming (unless they're the top), you have to go out and sell it."

Hilton was a member of the Queen Elizabeth Arts Council from 1973 to 1976.

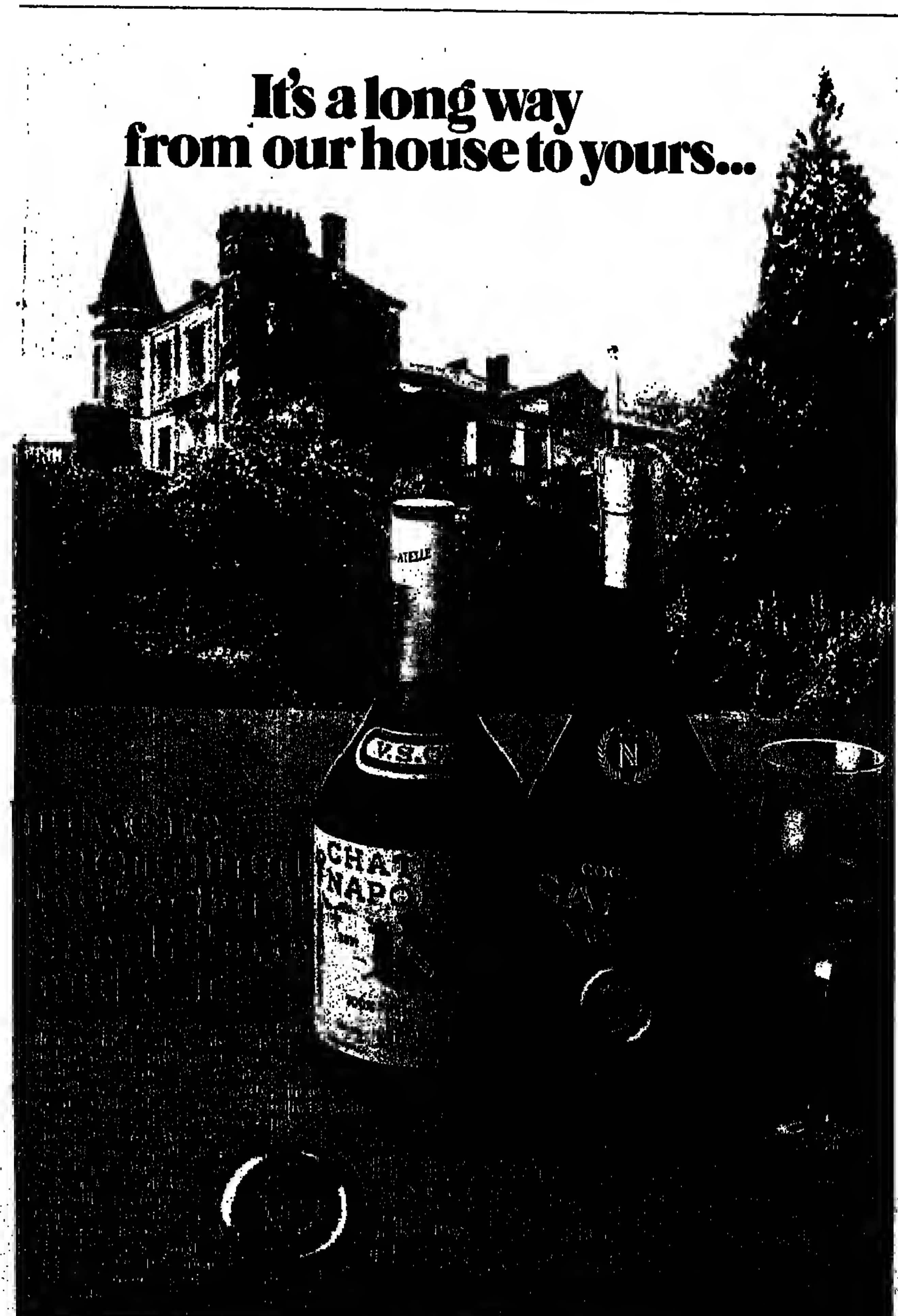
"They were too far removed from what was happening, and not very realistic in their approach to different projects or organisations. In many cases they went into organisations which were nearly bankrupt," he said of the council.

Hilton is the honorary Consul in Wellington for his native Austria. That country recognised his service to New Zealand music by awarding him its Cross of Honour for Science and Art First Class in his capacity as the federation's president.

"Musically we under-rate ourselves," he said. "The symphony orchestra is to my mind of world standard and some of our musicians like Ross Pople, the cellist who leads the BBC Symphony Orchestra, are first class."

Hilton is a little bemused by the observations of some of the country's expatriates in the music field. "A country of 3 million people does not need a new opera house," he insists.

During his years as president, the federation has developed from a loosely affiliated handful of societies into the largest organisation of its kind in the world.



Transport

New freightliners for NZ Railways

by John Draper

LOCAL and foreign firms are showing a keen interest in the Railways Department's first $10 million contract for a new generation of freightliners.

Old wooden box-cars will be phased out in the next 18 months as 200 six-metre and 200 three-metre side-opening containers take to the rails.

Tenders will close on the first contract on July 23 but others will be called over the next four years to bring the total up to 1400.

For New Zealand Railways, the new waggons will have considerable advantages. Low maintenance is the major attraction because a damaged box will be replaced by another without stopping expensive wheels turning.

Demountability, as the New Zealand Railways terms it, will allow a complete door-to-door service and allow the development of a domestic freightliner network similar to that operated by British Rail.

New Zealand's freightliner system is more likely to be a hybrid, with some units going to New Zealand Railways' good sheds for unloading while other boxes are delivered to customers.

The boxes will open the whole length of one side, allowing speedy "stuffing and unstuffing" of pallets by fork-lift trucks, saving time and labour.

Tenders for the freightliners are being split in two, one for boxes in which there is a 50/50 interest by local and foreign firms, and another for the flat top waggons in which there is more overseas interest.

Wheels and bearings will have to come from overseas anyway, though NZR sees no reason why the assembly work should not go to a local firm if they can compete.

Tenders for the waggons close on August 4.

Profile

Music Federation makes active marketing effort

by Ann Taylor

THE Music Federation of New Zealand, formed 30 years ago, was originally a loosely affiliated handful of chamber music societies which combined to bring in several overseas artists each year.

The federation, under Arthur Hilton's presidency for the last 19 years, is now the largest organisation of its kind in the world.

It has 43 affiliated societies from Kerikeri to Bluff, held 205 concerts last year which were attended by 250,000 and has a 1980 budgeted expenditure of $122,300.

The federation, which received a $90,000 Queen Elizabeth II Arts Council grant last year, initially relied on the relay fees paid by a then-sympathetic Broadcasting Corporation.

The federation, "runs on a profit basis", says Hilton.

It has an executive of 20 from all over the country and a small board of management. A manager, two administrators and two part-time typists are the only staff in the predominantly voluntary workforce.

Concert tickets are sold almost entirely on subscription. Hilton said box-office takings were incidental and often consumed the profit.

The member societies are subsidised by a "very democratic" method.

On a scale where the basic concert subsidy is, say, $4 a member, per society the smaller affiliates get the full subsidy — the bigger the society the smaller the subsidy.

But the federation's president is not running an altruistic organisation. "In Blenheim, even with a full subsidy, they could not afford a quartet," he said. That means they don't get a quartet.

Two years ago the federation's membership started to decline rapidly.

Rich Christie was co-opted to the board of management and, along with Paul Prince and Joan Kerr, set up a marketing sub-committee.

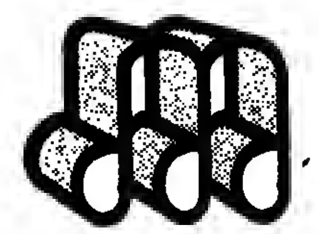
The federation took a calculated marketing risk. It got a "very sympathetic" deal from television and launched a series of advertisements aimed to make people more aware of the federation's activities. "It's not just a matter of selling tickets — we have to make ourselves known," Hilton said.

The old brigade audience who attended "the precious, frightening-sounding chamber music federation" concerts have become Music Federation members.

Since the television campaign was launched, several affiliated societies have voted to change their names to music federations and have adopted the main body's logo.

The federation took its campaign to the universities and set a limit of $2 a ticket for students. Thirty-five per cent of the increase in membership since 1978 has been in student subscriptions.

A survey of the federation's concert audience has been conducted by Victoria Un-



iversity marketing professor David Cullwick.

It was the first arts organisation to undertake such a survey and as Hilton said: "The findings will be of great interest to other organisations."

"We gained a further insight into the listening preferences of our audience, learned more about their education and occupation range and how often they are prepared to go to one of our concerts."

Of the 6297 concert-goers surveyed throughout the country, it was ascertained, among other things, that the female: male ratio is 2:1.

The information gained will be used in the federation's ongoing marketing effort and will be passed on to the QEII Arts Council and other arts organisations.

The federation set up a reserve fund three years ago. "I went out to our members and said that to secure the future, we would have to start a foundation. About $80,000 was forthcoming from members," Hilton said.

At the end of the December 1979 financial year, accumulated funds stood at $82,787.

Hilton's particular interest in music education led to the inauguration in 1965 of the school chamber music contest. Now known as the Bank of New South Wales music contest, last year it brought together 2145 students in the performance sections, 1245 in 228 instrumental groups and 900 in the 73 vocal groups. The competition, sponsored by the bank and the Education Department, has become a national event.

Hilton laments that the federation cannot meet the demand for performance and teaching in the schools. "If you whet the appetite of a few in the school, and then can't follow it up, it is frustrating."

The federation runs a regional teaching scheme to provide specialist teachers in deprived areas and holds seminars for particular instruments — wood, string or whatever.

The federation works closely with its Sydney counterpart — Musica Viva. Tours are arranged to accommodate both countries — "we wouldn't do it without each other".

Substantial help is received from foreign governments for concert activities. The "very one-sided" cultural exchange comes from France, Germany — the Goethe Institute, the British Council and occasionally from Switzerland.

"We have not been very successful with private business here," Hilton said.

Hilton acknowledges that the country is in a lean financial period. But, he said: "You have to review any operation year by year. We will probably have to be very careful in the immediate future."

During 1980-81, the federation will eat into its reserves — and will probably be the envy of every arts organisation in the country for having a reserve to eat into.

Business faculty gives communications a boost

by Glenya Hopkinson

MANAGERS of the late 20th century and early 21st century more than anything else will be managers of information and communication, says Anne Hines, communications lecturer in Massey University's Business Faculty.

"In every area of life the name of the game is information, and communication of that information for action," she said.

"Communication is the lifeblood of an organisation and information is vital for effective communication."

This year Massey's Business Faculty is concentrating on communication in the Diploma of Business and Administration.

An audio-visual laboratory — one of the most modern in the country, Hines claims — has been set up on the campus.

The laboratory will enable students to drop in and work at their own pace through taped recordings and slide presentations related to their communications course.

As well as attending lectures on communication, students will work their way through a technical writing module designed to teach skills of effective communication.

Hines said the emphasis on managing communication and information was a "brand new" area in the business studies degree.

"The aim is to equip future executives to deal with New Zealand's swift revolution from an agricultural-industrial society to an information society," she said.

"This involves the management of the new information technology."

a filing cabinet. Passing on information has to lead to positive action if it is to be called effective communication."

The course is offered extramurally as well as internally to enable managers and administrators to continue full-time work while studying for the diploma.

Hines said response had been excellent.

The course includes studies of human behaviour in New Zealand organisations, and the process of giving and receiving information.

It emphasises the theory of communications in public relations, advertising, personnel training, safety and multicultural environments.

Students study information systems, and the legal, financial and technical aspects of information.

Communication lecturers Anne Hines and Judy Cartwright (seated in front) check out audio-visual lab equipment.

She said many large companies had communications departments responsible for such things as public relations, internal employee programmes, public affairs, liaison with the Government, and for communication with clients, customers, unions and the public.

Massey's diploma course in communications would aim to educate graduates and experienced managers to understand communication, to communicate more effectively, and to manage communication and information systems.

"The Government has many employees who are required to be journalists and put out information to the public," Hines said.

"But communication is more than just passing on information which is pushed away into

They are also trained in using communication to change an organisation, its beliefs, values and attitudes to meet the changing social environment.

It will include tuition in such basic skills as interviewing, report writing and effective presentation.

Masterate and doctorate degree courses in communication have been introduced simultaneously with the diploma course.

Hines has been elected to the International Committee of the American Business Communication Association. She is also a member of the International Business Communication Association.

She is researching communication-related areas for her doctorate under a University Grants Committee scholarship.

Taking stock of the Southland situation

THEY are known in some quarters as the "three per centers" — their population ratio to the rest of the country.

Their leaders take some pride in the 18 per cent of the country's exports that come from Southland. If other provinces managed a similar population-to-exports ratio, New Zealand's balance of payments problem would look small indeed.

They have recently earned the Prime Minister's praise for their attitude to large-scale industrial development. He compared Southland with next-door neighbour, Otago, which has produced, among other things, the Professor Paul van Moeseke report, indicating that large-scale industrial developments in the form of aluminium smelters are economically questionable.

Neither Rob Muldoon's comments nor the report raised more than a few eyebrows in the deep south.

Muldoon's remarks were welcomed but put aside because most Southland leaders now believe a second aluminium smelter will go to Otago for political reasons.

They believe that Tiwai Point — New Zealand Aluminium Smelters' plant site — is the best place for expansion of our aluminium industry. Even the Nature Conservation Council believes that.

But they remember Bluff's loss of container-port status in the mid-1970s. Logical reason argued that if there were to be two such ports in the South Island, one should be at Lyttelton and the other at the Southland port.

The professor's report was virtually dismissed because a sense of reality indicated that the Government would dismiss it anyway — as it has — even if it contained some unpalatable truisms.

In spite of what they consider formidable odds, Southland's leaders are going out to bat for what would in effect be a second smelter at Tiwai Point built by Comalco Ltd — 50 per cent shareholders in the Tiwai Point smelter.

Southland needs all the jobs it can get.

Within the community, there are doubts that large-scale industries are the answer, but they are a start. Statistics prove that for every job at the present smelter — of 1100 employees — at least three others have been created in servicing industries, teaching and health care.

Southland suffers more than most provinces from losing its young people. Because of a lack of opportunity they are almost forced to leave the area in droves. One person who finished high school in the top class of 1964 has found only one other classmate out of 30 still living in Southland.

Attracting qualified staff to Southland is an even more sobering problem. To many northerners, it is akin to the last place on earth. Those who do take jobs there often find a provincial attitude to outsiders. And even if the employee settles in, the chances are that the spouse will find it difficult to adjust, creating tensions at home.

There is no doubt that the heavy annual rainfall makes the grass grow and agricultural produce boom but makes the province a less desirable place.

Any industry that could hold some young Southlanders to their place of birth is grasped with all hands.

Leading the battle to bring the second smelter to Southland is the newly-formed Southland United Council. It has already lobbied all Ministers involved and is ready to send a delegation to Wellington whenever those politicians are available.

The council's attitude is simple. The Government decides if there is to be a second aluminium smelter in the South Island. Therefore, as possible sites are still open, it is in Southland's interests to attract what it can.

The second smelter may well go to Otago for political reasons, but Southland should do well out of the rest of the spoils from the so-called South Island electricity "surplus".

Whether or not there is a surplus is again beyond Southland's control and knowledge, the argument goes. If large industries are being sought, they should be attracted to Southland if at all possible.

A third pot-line at Tiwai Point seems definite. It should provide about 350 jobs directly, and on the one-for-three ratio another 1050 indirectly.

A ferro-silicon plant is also proposed, and there are possibilities of industries such as silicon carbide.

But the Southland people will not accept anything. Like many local bodies throughout the country, those in Southland are often inter-locking through members common to two or three organisations. Sometimes they misread the public attitude.

Southlanders launched the largest conservation campaign New Zealand has seen with the Save Manapouri Campaign, and proponents trying to establish a chip mill at Awarua, not far from Invercargill, are finding the going tough, thanks to the underlying strength of environmentalists.

There have been warnings that a crop of energy-intensive industries could create power supply problems in dry years.

The Guardians of Lakes Manapouri and Te Anau have said that in such a power shortage situation, substantial additional resources of thermal power and/or hydro-electric storage would be required.

"While not doubting the Government's good intentions with respect to adhering to the officially-approved guidelines for Lakes Manapouri and Te Anau, such a situation would place the compliance within the guidelines, and thus the stability of the vulnerable natural shoreline, under considerable threat," the Guardians said in the annual report, just released.

"This is because both lakes are now capable of being drawn down to levels considerably below their natural *minima* which, from experience, is known to be highly damaging."

Environment Minister Venn Young has said the Government has no intention of using the lakes' water to provide the extra demands made by such industrial developments, but the Guardians will be happier when the Government repeals the sections of the Manapouri-Te Anau Development Act, 1963, which relate to the raising of the lakes.

There is concern among environmentalists about the way the Government is carrying out the negotiations.

Comalco was only planning to put in a third potline until Trade and Industry Minister Lance Adams-Schneider asked representatives to think bigger earlier this year.

Doubts are growing that a second aluminium smelter will be approved at all, particularly if environmental and economic issues are not solved. And, so the reasoning goes, Southland can only gain if Otago's more diverse community becomes even more splintered and makes a national issue out of such matters.

But all is not black in the south — energy-intensive projects or not.

The province is one where regional development can be said to have worked handsomely. In its latest annual report, the Southland Regional Development Council said that in spite of the continuing downturn in the national economy, industry in Southland continues to develop and expand.

In the year ended March 31, 23 projects qualified for regional development incentives worth $555,861. They had a completed value of nearly $4.2 million, and offered a total of 129 additional permanent work opportunities, plus more than 30 seasonal jobs.

The figures were substantially ahead of the previous year, and at the end of the financial year, the council had 13 applications under action, compared with six at the corresponding time the previous year.

Books

Books beat processors

by Gordon McLauchlan

EACH time there is an advance in the electronic communications industry, the cry goes up "the book is dead:"

At least one commentator has said the microprocessor will seriously afflict the book as a medium because it will make information so much more readily available from so many more points of inquiry — in schools, corporate offices and even at home.

Which is to misunderstand the special quality of a book. It is not just a source of information but a repository of facts and experience first assimilated by an author and then put down, wrapped in a context with style.

Style is personality, something no microprocessor has.

The silicon chip may throw out a challenge to encyclopaedias and dictionaries but at the other end of the gamut of the imagination — where poetry, drama and fiction reside — it cannot even pretend to compete.

Any challenge to book publishing comes at a time of particular riches. The recent crop of books by New Zealanders, for New Zealand and about New Zealand is remarkable for a nation of three million people, as the entries for this year's James Wattie book of the year award show.

Notably diminished in the past 12 months, is the social commentary which flowered so profusely during the mid-1970s. Only Felix Donnelly's *Candles in the Wind* commands serious attention this year.

But for readers with an interest in the land beneath their feet, or in history or biography, it has been a great year with a number of tomes to test the handle on the strongest satchel. For the geologist, there is a reading feast unrivalled in any previous year.

The Government Printer has published in two volumes *The Geology of New Zealand*. Chief editor is one of geology's elder statesman, R P Suggate, with associate editors, G R Stevens and M T Te Punga. It was prepared in association with the DSIR geological survey. As one would expect it is as solid and the Southern Alps and should only be climbed by those with a special interest and a patiently acquired specialist vocabulary. The price is $92.50.

That associate editor, G R Stevens, is also Graeme Stevens, author of *New Zealand Adrift*, a layman's look at geology, published by A H and A W Reed ($24.95). Indeed, this book is a good deal more than its title would suggest. Stevens has done an Attenborough on New Zealand, chatting enthusiastically about the history of land and life in this country, its birth and development.

And from Whitcoulls (at $35.00) comes *Legend in the Rocks* by Maxwell Gage (subtitled "an outline of New Zealand geology"). Gage was a professor of geology at Canterbury University, is now retired, and wrote this book "with the interested layman in mind".

History has also been well served by a two-volume *The Journal of Henry Sewell* edited by W David McIntyre, history professor at Canterbury University (Whitcoulls); by *A History of Tauranga County* written by Dr Evelyn Stokes of Waikato University (Dunmore Press); and by *The World of John Boultbee* written by a well known historical team, A Charles Begg and Neil C Begg (Whitcoulls). The Begg brothers are Dunedin physicians, and so is Phillip Houghton whose *The First New Zealanders* is a riveting account of the lifestyle and deathstyle of pre-European Maoris, published by Hodder and Stoughton.

Two autobiographies reveal much of the lives of a man and a woman who have, in their own separate ways, made immeasurable contributions to literature, education and to the tone of life in New Zealand since the World War II. *Indirections* (Oxford University Press) is a memoir by Charles Brasch, mentor to many New Zealand writers, and himself a poet of stature. *I Passed This Way* (Reed) is the story of Sylvia Ashton-Warner, who has an international reputation as a novelist and teacher.

One of the fiction entries this year brings a welcome return of the work of Graham Billing — with a slim volume called *The Primal Therapy of Tom Purslane* (Caveman Press), a novel set in the southern town of Port Paradise, scene of his earlier, vastly under-rated *The Slipway*.

Those are just a few of an extraordinarily rich crop of books published in this country in the past 12 months, most of them during this year. They merit consideration not only for their generally well written, highly readable contents but for the excellent standard of design and production.

South Island optimism

AS economic recession seems to grip the South Island more tightly than the North, a burst of optimism comes from a large-format book written by Christchurch journalist Ken Hickson and published by Bowden Communications Ltd.

It is called *The Future South*, and subtitled: "An assessment of the South Island's prospects for the 1980s and beyond".

Bowden Communications is the advertising agency which publishes *The Main Report* and *The Main Agricultural Report*, and owns Global House Ltd, a direct-marketing company specialising in business management software.

It is a go-ahead group of companies dominated by managing-director M L Bowden, and based in Christchurch.

What Hickson has done is interview and compress the views of a range of South Island leaders, people like Sir Jack Newman, Arthur Mulholland, Sir Robertson Stewart, Lord Bolingbroke, Brian Easton, Philip Phillips, Bill Mace, Hamish Hay, Wes Cameron, and (inevitably, it seems whenever the publicity spotlight is stabbing on any subject) Sir Ronald Scott and Dr Morgan Fahey. (God knows, and I chose my words carefully, what happened to Bob Lowe.)

How do they feel about the future, collectively? A bit paranoic about the North Island. They keep implying that, like Maui, they fished it up in the first place and its been wayward ever since. Hardly any of them get through their piece without an askance glance northwards and some kind of comparison that is odious.

There is also a touch of the ra-ra-ra, cheerleader tone that one could perhaps expect from an adman publisher.

Now, having thoroughly patronised the book in my typical North Island manner, let me say how surprised and impressed I am by some of the information I find in it.

Did you know that a South Islander introduced the plastics industry to New Zealand and also led the first trade mission overseas (Sir Robertson Stewart)? That the South Island exports 14 per cent of its total production and the North Island 9 per cent?

That Christchurch was chosen by most people as the preferred place to live in 1985 — the majority of people in Auckland, Wellington and Dunedin picked their own city first but Christchurch was second in all cases (according to a Heylen poll)?

I like Brian Easton's contribution best, but overall *The Future South* is an enlightening look at the current attitude of southern leaders, and heartening it is too.

Ken Hickson has done the neat professional job one would have expected of him, and for $5 it gives a feisty impression on how the South Island looks at the future.

Office equipment

Word processors tappity-tap into institutions

by Peter Iseac

THE line between typing and word processing — automatic typing — remains blurred in the New Zealand mind. The focus is rendered hazy by the memory typewriter's existence — a half way house between one-tap-one-character typing and automated typing.

The line is also blurred at the top end of the market where word processors merge into the small end of the computer business.

Memory typewriters enjoyed a brief surge in sales prior to the introduction of high resolution office copiers. The memory typewriter could regurgitate a letter to give impression that it was a manually typed, original one-off.

The memory typewriter paused in print-out to allow variable words or paragraphs to be introduced into a letter which contained substantially the same information from one copy to another. The recipient gained the impression that the letter had been tapped tap-by-tap specially for them.

Highly-priced, the memory typewriters were quickly eclipsed by magnetic card word processors.

Within a space of two years 82 per cent of the institutions — banks, insurance companies — had signed up for them. In 1974 the insurance companies realised that the greatest single drain on cash was rising clerical staff costs.

As their day-to-day business is trafficking in the typed word, the word processing machines seemed like manna from heaven.

O R Nicholson . . . more time to operate

A capably driven word processing machine can do the work of four reasonably hard working typists. That is the fact of the matter.

But it should be noted that nobody is known to have lost their job through word processing.

The hardware companies and institutions claim, with a degree of sincerity, that it gets women away from the typewriter which seems to have trapped them in routine jobs for most of this century.

Two years ago the genuine systems approach to word-processing was introduced. A blend of telecommunications and thinking computing. It was blended to ink jet character-making which substitutes a squirt of ink for metal impact.

The ink jet made it as easy to copy a letter on the word processor as on the photocopier.

Word processing in New Zealand is now emerging from its second marketing stage.

The first was the saturation coverage of the institutions — insurance companies and banks.

Then it was the turn of the lawyers — more dependent than others on typing speed and accuracy. Vast conveyancing documents which had once taken days, could now be compressed into an hour or so. The typists or word processor merely added in variables such as name, address, hectares, value and so on.

The vast hulk of legalese of course remains unchanged from one conveyance to another.

There was a single problem with the law firms — the existence of hold-out partners — people who for sentimental reasons insisted on retaining their secretary and dealing with correspondence in the traditional "will you bring your notebook in" manner.

With these two private sector base markets — institutions and law firms — now basically tied up the marketing drive has become more diversified, and more interesting.

An Auckland orthopaedic surgeon O R Nicholson found that a small word processing system meant that patients could receive detailed personal reports of their own condition. By automating correspondence Nicholson's IBM system allows more time in the operating theatre.

Word processing allows a systematic method of reminding patients of routine post operative check ups, and simplifies questionnaires to patients about their condition sent out after operations for hip, knee surgery or the like.

Bill empowers police to seize company records

THE new National Companies Bill, due to become law on January 1 1981, will permit police throughout Australia to use force at any time to obtain company records.

At a meeting of the Australian Society of Accountants, a former Assistant Secretary of the Commonwealth Attorney-General's Department, William Beerworth, said the Bill would give the National Companies and Securities Commission far greater powers than the courts.

Beerworth, a Sydney lawyer, strongly criticised the Bill on the grounds that it removes several of the common law assumptions of innocence and ignores the rules on inadmissible evidence.

On the receipt of information given on oath by commission employees, a magistrate is empowered to authorise police to enter company premises with whatever force is necessary. The magistrate must be convinced on the information supplied by the NCSC that there are records or documents on the premises which have not been produced by the company at the request of the commission.

Beerworth expressed concern that there would be inadequate consultation with business before the Bill became law. He warned that other company legislation had been guillotined through Parliament with insufficient discussion.

Retailing

PSIS chain cuts back staff buying perks

by Rae Mazengarb

PSIS statutory manager Bob Stannard has introduced more changes to the retailing side of the Public Service co-operative's operations.

These changes are expected to further strengthen the chain's financial base and provide the stores with a greater ability to compete in the retail sector.

Retail and administrative staff have for some time enjoyed generous buying privileges at PSIS stores, not available to other members. These "perks" have lately sparked barbed references to the society's operations as a "staff co-operative" rather than a members' co-operative.

The privileges have now been cut back, and in some cases, wiped altogether.

And like many retail outlets that have stood back and fought off plastic money cards, the PSIS is now teeing up for both Visa and Bankcard.

"We're trading in competition on the broad retail field – we don't think we have any option," Stannard said, explaining the rationale behind the plastic card move.

The staff buying privileges had been too extensive and unrealistically generous in today's highly competitive and difficult retail climate, he said.

For many years, retail and administrative staff have qualified for discounts of 15 per cent.

More recently the society introduced a senior staff rating which has embraced 160 employees – around 25 per cent of the total.

They have been getting discounts of 20 per cent at retail stores and 17.5 per cent at the liquor outlets.

On basic beer lines, such extravagant discounts have meant the liquor stores have been losing money on those purchases.

Stannard concluded that in the present trading climate the society could no longer afford to give 160 staff members this added perk and cut the discount – in respect of standard priced goods – back to 15 per cent.

In respect of discounted retail prices – a significant part of the stores' operations – a discount of 7.5 per cent has been chopped to 5 per cent.

Bob Stannard ... strengthens financial base

Further, where prices are slashed in a "true" sale, Stannard has wiped discounts completely, saying "the net price should be the net price".

Stannard pointed out the new scale of staff discounts was "the very limit that we can afford to go".

Not only had the discounts been enjoyed by too many, but the 160 senior staff members meant that the extra bonus was enjoyed by "a fairly significant part of our members", Stannard said.

Countdown counters

by Warren Berryman

THE credit card revolution is being countered by Countdown – a plastic card with which the customer gets a 10 per cent discount for paying cash.

Countdown Card Inc originated in 1970.

It started as a one-room operation run by three recent university graduates, and now employs about 100 people.

Establishments accepting a credit card pay the card company a commission and often have to wait sometime for their money to come through.

The first factor is just another 4 to 5 per cent overhead. The second can cause cash-flow problems in times of high interest rates.

Operating in Europe, North America, Britain, Mexico and the Caribbean, Countdown mainly services the traveller.

Members pay an annual subscription of US$19 and are given a plastic card (which looks very much like a credit card) and a travel guide including discount vouchers supplied by various establishments.

Countdown's North American vice president, Maris Stevens, said that in New Zealand the system had been used by some tour operators including Atlantic and Pacific Travel, Scholes Oakly and Nathans.

The countdown card-holder, when paying his bill, merely puts down the card, pays with cash or a travellers' cheque, and gets a 10 per cent discount for not using a credit card.

Law

And a policeman's lot is not a happy one . . .

by Jack Hodder

IT IS a little over 150 years since Sir Robert Peel's "bobbies" commenced operations, laying the foundations for modern policing.

Just recently their descendants have been coming in for unusually sharp criticism. The deaths of Blair Peach in London and of Jeannette and Harvey Crewe closer to home have raised questions not yet convincingly answered.

Answers to such critical questions are important. The police role of impartial enforcement of the law is crucial in the maintenance of our liberal democratic society. That role is not easy.

As Commissioner Bob Walton's recent annual report to Parliament on New Zealand Police operations to March 31 1980 says, "the police are required to move from one emotional crisis to another, frequently without sufficient time to regain their composure", but that cannot excuse them from not meeting the public's expectations.

The commissioner's report is moderate in tone. He does not write, as his predecessor did, of evil and decadence daily growing in strength. But it is clear from his report that the police role is not getting easier. "The violence becoming more and more prevalent in the community" is seen as the main problem.

The statistics of offences for the 1979 calendar year are appended to the commissioner's report and give some indication of the size of the problem. As statistics may vary according to the efficiency of recording, the number of prosecutions (rather than of offences reported) is used below. These figures may err on the conservative side but do not include cases where police investigation of a reported offence disclosed that no offence had been committed.

In 1979 there were 39 murder prosecutions (cf 37 in 1978 and only 20 in 1977). There were 87 rape prosecutions (cf 114 in 1978 and 68 in 1977). Assaults on police may be divided into two categories: the more serious Crimes Act prosecutions (108, cf 78 in 1978 and 49 in 1977); and the lesser Police Offences Act prosecutions (1860, cf 916 in 1978, 746 in 1977).

For all offences classified as "violent" (which, oddly enough, includes criminal libel but not rape) there were 8897 prosecutions in 1979: an increase of 12.57 per cent on the previous year; no comparable figure is available for 1977. Within that "violent" classification, prosecutions for all grievous assaults were up 121 per cent on 1978, those for group assemblies were up 160 per cent, while those for attempted murder were down 57 per cent and those for aggravated robbery were down 29 per cent. Overall, an increase which cannot be explained away on the basis of any population growth.

The same appended statistics show major increases in drug offence prosecutions. Cannabis-related offence prosecutions totalled 4581 (up 41.6 per cent on 1978) and non-cannabis prosecutions totalled 931 (up 18.6 per cent). Not to mention 112 prosecutions for burglary for drugs and 16 for theft of drugs.

The commissioner reports that heroin-related drug offending has tailed off recently, giving some credit to Parliament and the courts for heavier sentencing and some to the killer of Christopher Martin Johnstone for aiding the break-up of a major distribution system.

Cannabis, however, had a boom year with 18,270 kilograms of resin seized and plantations located in every province in the country, giving a new perspective to New Zealand's horticultural expansion.

The economic consequences of crime are most obvious in the area of property. Prosecutions for offences of dishonesty totalled 44,999 (a small increase on 1978) while those for damage to property totalled 4341 (cf 3808 in 1978). Given the continuing decline in the country's economic situation, the modest increase in this area may be seen as creditable if perhaps the lull before the storm.

Those statistics represent one of the end-products of the application of the considerable resources made available to the police.

The police's parliamentary vote for 1979/80 was $95,810,000. Most of that went in wages and salary for 4961 regular and 665 civilian staff. Resignations among regular staff totalled 203 (4.1 per cent and about average for recent years).

The commissioner refers to the question of stress as an occupational hazard for police personnel and their families. He does not, however, give details of a major survey on the police by a stress research team which was established in July 1977. Another matter not mentioned is the educational profile of the present force.

Physical resources employed by the police included 914 vehicles [averaging 36,602 km each, cf 742 vehicles averaging 42,693 each two years ago], 130 Wanganui Computer Centre terminals and a wide range of new protective equipment (helmets, shield and groin protectors).

The report anticipates that the scheduled opening date of March 1981 will be met for the new Porirua Police College and a greater police presence in South Auckland (new patrol bases at Mangere, Otara and Manurewa and a new station at Wiri).

The police are also equipped with certain extraordinary powers.

The commissioner's report records that the power to search without warrant (under the Misuse of Drugs Act 1975) was used on 311 occasions and drugs seized on 240 ocasions; two years ago that power was used on 122 occasions, 103 of them resulting in drug seizures).

It also records that nine applications were made and granted for interception warrants pursuant to the 1978 amendment to the Misuse of Drugs Act. There was no emergency use of listening devices in terms of the 1979 amendment to the Crimes Act.

Commissioner Walton does not ask for additional powers for the police. In this he may be contrasted with British police leaders.

A new Criminal Justice Bill for Scotland currently proposes a right for police to detain suspects for up to six hours without arrest. And a Royal Commission report on Criminal Procedure in England and Wales is imminent. That commission heard submissions from the Metropolitan (London) Police Commissioner seeking powers to detain for up to 72 hours, to retain fingerprints and photographs of all persons charged, to conduct random searches and the end of the right of the accused to remain silent without adverse inferences being drawn at his trial.

The British policing experience is still relevant to and probably foreshadows our own. Police there have encountered increasing violence directed against them and have become embroiled in controversies over deaths in police custody, corruption, poor relations with young non-whites, an inadequate complaints system and overtly political statements from their leaders.

Last month the chief constable of Leicestershire queried whether the increasingly violent working environment would force them down "the paramilitary road". That presumably means the maintenance of law and order with rubber bullets, tear gas, armoured cars and helicopters. If that is the inexorable direction of policing then it may be that Northern Ireland is providing the prototype for future criminal law enforcement.

That is not a nice prospect.